

# **Siyancuma**

## **MUNICIPALITY**



[These financial statements have not been audited]

## **FINANCIAL STATEMENTS**

**30 JUNE 2011**

# SIYANCUMA LOCAL MUNICIPALITY

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# SIYANCUMA LOCAL MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

### GENERAL INFORMATION

#### NATURE OF BUSINESS

Siyancuma Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

#### COUNTRY OF ORIGIN AND LEGAL FORM

Siyancuma Municipality is a South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

#### JURISDICTION

The Siyancuma Municipality includes the following areas:

*Douglas*  
*Griekwastad*  
*Campbell*  
*Schmidsdrift*

#### MEMBERS OF THE MAYORAL COMMITTEE

Mayor	<i>L. Oliphant</i>
Councillor	<i>M. Selebogo</i>
Councillor	<i>D. Koopman</i>
Councillor	<i>L. Van Niekerk</i>
Councillor	<i>J. George</i>
Councillor	<i>J. Mosele</i>
Councillor	<i>R. Booysen</i>
Councillor	<i>P. Mcklein</i>
Councillor	<i>M. Eland</i>

#### MUNICIPAL MANAGER

*I.W.J Stadhouer*

#### CHIEF FINANCIAL OFFICER

*C.J. Muller*

#### REGISTERED OFFICE

<i>7 Charl Street</i>	<i>P.O. Box 27</i>
<i>Douglas</i>	<i>Douglas</i>
<i>8730</i>	<i>8730</i>

#### AUDITORS

*Auditor-General (NC)*  
*Private Bag X5013*  
*KIMBERLEY*  
*8300*

#### PRINCIPLE BANKERS

*Standard Bank, Douglas*      *First National Bank, Douglas*

#### ATTORNEYS

*Herman van Heerder Attorneys*

#### RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)  
Division of Revenue Act  
The Income Tax Act  
Value Added Tax Act  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
Municipal Planning and Performance Management Regulations  
Water Services Act (Act no 108 of 1997)  
Housing Act (Act no 107 of 1997)  
Municipal Property Rates Act (Act no 6 of 2004)  
Electricity Act (Act no 41 of 1987)  
Skills Development Levies Act (Act no 9 of 1999)  
Employment Equity Act (Act no 55 of 1998)  
Unemployment Insurance Act (Act no 30 of 1966)  
Basic Conditions of Employment Act (Act no 75 of 1997)  
Supply Chain Management Regulations, 2005  
Collective Agreements  
Infrastructure Grants  
SALBC Leave Regulations

# SIYANCUMA LOCAL MUNICIPALITY

## MEMBERS OF THE SIYANCUMA LOCAL MUNICIPALITY

WARD	COUNCILLOR
1	<i>J. George</i>
2	<i>M. Selebogo</i>
3	<i>S. Mosele</i>
4	<i>P. McKlein</i>
5	<i>D. Koopman</i>
6	<i>A. Oliphant</i>
Proportional	<i>L. Oliphant</i>
Proportional	<i>J. Mosele</i>
Proportional	<i>M. Eland</i>
Proportional	<i>R. Booysen</i>
Proportional	<i>L. Van Niekerk</i>

## APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 64 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

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*I.W.J Stadhauer*  
**Municipal Manager**

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16 September 2011  
**Date**

**SIYANCUMA LOCAL MUNICIPALITY**

**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2011**

	<b>Notes</b>	<b>2011 R</b>	<b>2010 R</b>
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		<b>283 620 001</b>	<b>272 375 452</b>
Accumulated Surplus		283 620 001	272 375 452
<b>Non-Current Liabilities</b>		<b>11 579 805</b>	<b>8 355 510</b>
Long-term Liabilities	<b>2</b>	2 357 954	521 773
Employee benefits	<b>3</b>	9 221 851	6 301 050
Non-Current Provisions	<b>4</b>	-	1 532 688
<b>Current Liabilities</b>		<b>20 621 327</b>	<b>18 736 740</b>
Consumer Deposits	<b>5</b>	184 484	173 135
Current Employee benefits	<b>6</b>	1 856 469	2 285 125
Provisions	<b>7</b>	1 631 158	-
Trade and other payables	<b>8</b>	3 625 492	4 642 104
Unspent Conditional Government Grants and Receipts	<b>9</b>	9 949 920	6 879 872
Vat payable from exchange-transactions	<b>10</b>	2 737 105	2 746 952
Current Portion of Long-term Liabilities	<b>2</b>	636 700	2 009 552
<b>Total Net Assets and Liabilities</b>		<b>315 821 133</b>	<b>299 467 702</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>289 039 150</b>	<b>281 299 335</b>
Property, Plant and Equipment	<b>11</b>	278 066 385	270 441 295
Investment Property	<b>12</b>	9 982 000	9 982 000
Intangible Assets	<b>13</b>	523 065	392 293
Biological Assets	<b>14</b>	467 700	467 700
Long-Term Receivables	<b>15</b>	-	16 047
<b>Current Assets</b>		<b>26 781 983</b>	<b>18 168 367</b>
Inventory	<b>16</b>	99 949	-
Trade Receivables from exchange transactions	<b>17</b>	6 681 658	5 283 049
Other Receivables from non-exchange transactions	<b>18</b>	3 040 576	2 545 640
Unpaid Conditional Government Grants and Receipts	<b>9</b>	3 717 415	3 698 182
Operating Lease Asset	<b>20</b>	78 323	28 443
Cash and Cash Equivalents	<b>21</b>	13 164 063	6 613 054
<b>Total Assets</b>		<b>315 821 133</b>	<b>299 467 702</b>

**SIYANCUMA LOCAL MUNICIPALITY**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011**

	Notes	2011 (Actual) R	2010 (Restated) R	Correction of error R	2010 (Previously reported) R
<b>REVENUE</b>					
<b>Revenue from Non-exchange Transactions</b>		<b>50 135 944</b>	<b>44 737 796</b>	<b>-</b>	<b>44 737 796</b>
<b>Taxation Revenue</b>		<b>5 734 430</b>	<b>4 831 699</b>	<b>-</b>	<b>4 831 699</b>
Property taxes	22	5 734 430	4 831 699	-	4 831 699
<b>Transfer Revenue</b>		<b>44 335 765</b>	<b>39 793 452</b>	<b>-</b>	<b>39 793 452</b>
Government Grants and Subsidies - Capital	23	17 028 912	16 790 085	-	16 790 085
Government Grants and Subsidies - Operating	23	27 306 853	23 003 367	-	23 003 367
<b>Other Revenue</b>		<b>65 749</b>	<b>112 645</b>	<b>-</b>	<b>112 645</b>
Fines		60 978	108 556	-	108 556
Licences and Permits		4 771	4 089	-	4 089
<b>Revenue from Exchange Transactions</b>		<b>35 518 091</b>	<b>28 769 092</b>	<b>-</b>	<b>28 769 092</b>
Service Charges	24	31 646 325	26 668 973	-	26 668 973
Rental of Facilities and Equipment		340 038	309 454	-	309 454
Interest Earned - external investments		679 786	355 301	-	355 301
Interest Earned - outstanding debtors		389 874	301 214	-	301 214
Agency Services		616 236	551 585	-	551 585
Other Income	25	1 845 832	582 565	-	582 565
<b>Total Revenue</b>		<b>85 654 035</b>	<b>73 506 888</b>	<b>-</b>	<b>73 506 888</b>
<b>EXPENDITURE</b>					
Employee related costs	26	20 812 589	20 163 106	-	20 163 106
Remuneration of Councillors	27	1 933 217	1 866 121	-	1 866 121
Debt Impairment	28	7 384 522	1 571 527	-	1 571 527
Depreciation and Amortisation		10 427 941	9 768 837	4 261 312	5 507 525
Impairments	28	-	7 842	7 842	-
Repairs and Maintenance		2 083 041	3 364 451	2 154 277	1 210 174
Finance Charges	30	1 762 328	1 318 792	-678 914	1 997 706
Bulk Purchases	31	14 651 746	11 921 646	-	11 921 646
Grants and Subsidies Paid	32	165 463	-	-	-
Other Operating Grant Expenditure		2 027 033	2 323 157	-	2 323 157
General Expenses	33	10 784 402	6 049 870	-	6 049 870
<b>Total Expenditure</b>		<b>72 032 282</b>	<b>58 355 348</b>	<b>5 744 516</b>	<b>52 610 832</b>
<b>Operating Surplus for the Year</b>		<b>13 621 753</b>	<b>15 151 540</b>	<b>-5 744 516</b>	<b>20 896 056</b>
Actuarial (Losses) / Gains		(2 377 213)	354 797	-	354 797
<b>NET SURPLUS FOR THE YEAR</b>		<b>11 244 540</b>	<b>15 506 337</b>	<b>-5 744 516</b>	<b>21 250 853</b>

**SIYANCUMA LOCAL MUNICIPALITY**

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>Notes</b>	<b>Accumulated Surplus/ (Deficit)</b>	<b>Total</b>
		<b>R</b>	<b>R</b>
<b>Balance at 1 JULY 2009</b>		<b>99 072 214</b>	<b>99 072 214</b>
Correction of error	34.09	157 796 909	157 796 909
<b>Restated Balance at 1 JULY 2009</b>		<b>256 869 123</b>	<b>256 869 123</b>
Net Surplus for the year		21 250 853	21 250 853
Correction of error	34.10	-5 744 516	-5 744 516
Rounding		-9	-9
<b>Balance at 30 JUNE 2010</b>		<b>272 375 452</b>	<b>272 375 452</b>
Net Surplus for the year		11 244 540	11 244 540
Rounding		9	9
<b>Balance at 30 JUNE 2011</b>		<b>283 620 001</b>	<b>283 620 001</b>

**SIYANCUMA LOCAL MUNICIPALITY**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011**

	Notes	2011 R	2010 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Ratepayers and other		31 571 495	28 946 753
Government - operating		27 306 853	23 003 367
Government - capital		17 028 912	16 790 085
Interest		1 069 660	656 515
<b>Payments</b>			
Suppliers and employees		(50 866 375)	(43 507 327)
Finance charges		-1 762 328	-1 318 792
Transfers and Grants		(165 463)	-
<b>Net Cash from Operating Activities</b>	<b>35</b>	<b>24 182 754</b>	<b>24 570 602</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		-18 037 943	-14 635 808
Purchase of Intangible Assets		-183 004	-
<b>Net Cash from Investing Activities</b>		<b>-18 220 947</b>	<b>-14 635 808</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
New loans raised		2 759 584	-753 231
New loans (repaid)		-2 296 255	-132 034
(Increase)/Decrease in Long-term Receivables		16 047	-16 047
Increase/(Decrease) in Non-Current Provisions		98 470	74 317
Increase/(Decrease) in Consumer Deposits		11 349	6 765
Rounding		7	-6
<b>Net Cash from Financing Activities</b>		<b>589 202</b>	<b>-820 237</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>6 551 009</b>	<b>9 114 557</b>
Cash and Cash Equivalents at the beginning of the year		6 613 054	-2 501 503
Cash and Cash Equivalents at the end of the year	<b>36</b>	13 164 063	6 613 054
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>6 551 009</b>	<b>9 114 557</b>



INSERT ACCOUNTING POLICY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

3	EMPLOYEE BENEFITS (CONTINUE)	2011 R	2010 R
	<b><u>Long Service Awards</u></b>		
	Balance 1 July	1 039 472	978 382
	Contribution for the year	(139 263)	(132 046)
	Expenditure for the year	233 191	209 826
	Actuarial Loss/(Gain)	1 063	(16 690)
	<b>Total long service 30 June</b>	<b>1 134 463</b>	<b>1 039 472</b>
	<b>Less:</b> Transfer of Current Portion	6 (122 001)	(139 263)
	<b>Balance 30 June</b>	<b>1 012 462</b>	<b>900 209</b>
	<b><u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u></b>		
	Balance 1 July	6 618 033	6 321 745
	Contribution for the year	(316 983)	(286 954)
	Expenditure for the year	994 053	938 039
	Actuarial Loss/(Gain)	2 377 213	(354 797)
	<b>Total employee benefits 30 June</b>	<b>9 672 316</b>	<b>6 618 033</b>
	<b>Less:</b> Transfer of Current Portion	6 (450 465)	(316 983)
	<b>Balance 30 June</b>	<b>9 221 851</b>	<b>6 301 050</b>

• Disclosure in terms of IAS19 Para 120A (p) - corresponds to GRAP25 Para 136 (m) As that was the first annual period in which the IAS19/GRAP25 has been adopted, that IAS19 Para 120A (p) is therefore not applicable i.e. only to the extent that there are figures in respect of the previous four annual periods will they be disclosed...

• Disclosure in terms of IAS19 Para 120A (q) - corresponds to GRAP25 Para 136 (n) A best estimate of benefits payments expected in the next annual period is included in Sections A3.2 and A5.2 of the LSA and PeHCL reports. The numbers in particular that need to be disclosed are in the columns labeled "Year ending 30/06/2011" and in the "Benefit Vestings" and "Contributions (benefits paid)" labeled rows respectively for the LSA (139,263) and PeHCL (177,720) reports.

## 3.1 Post Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

	2011 Number of members	2010 Number of members
In-service (employee) members	49	51
Continuation members (e.g. Retirees, widows, orphans)	15	8
<b>Total Members</b>	<b>64</b>	<b>59</b>
	R	R
The liability in respect of past service has been estimated to be as follows:		
In-service members	3 997 969	2 612 239
Continuation members	4 539 884	2 966 322
<b>Total Liability</b>	<b>8 537 853</b>	<b>5 578 561</b>

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

	2009 R	2008 R	2007 R
In-service members	3 403 537	-	-
Continuation members	1 939 826	-	-
<b>Total Liability</b>	<b>5 343 363</b>	<b>-</b>	<b>-</b>

Bonitas Hosmed; and  
LA Health Samwumed

Key actuarial assumptions used:

## i) Rate of interest

Discount rate	8.60%	9.22%
Health Care Cost Inflation Rate	7.28%	7.27%
Net Effective Discount Rate	1.23%	1.82%

## ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

## iii) Normal retirement age

It has been assumed that in-service members will retire at ages 65 (male) and 60 (female), which then implicitly allows for expected rates of early and ill-health retirement.

	2011 R	2010 R
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>		
Present value of fund obligations	8 537 853	5 578 561
<b>Net liability/(asset)</b>	<b>8 537 853</b>	<b>5 578 561</b>

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

3

EMPLOYEE BENEFITS (CONTINUE)

Reconciliation of present value of fund obligation:

	2011 R	2010 R
Present value of fund obligation at the beginning of the year	5 578 561	5 343 363
Total expenses	583 142	573 305
Current service cost	254 516	480 293
Interest Cost	506 346	247 920
Benefits Paid	(177 720)	(154 908)
Actuarial (gains)/losses	2 376 150	(338 107)
Present value of fund obligation at the end of the year	8 537 853	5 578 561
<b>Less:</b> Transfer of Current Portion	6 (450 465)	(316 983)
<b>Balance 30 June</b>	<b>8 087 388</b>	<b>5 261 578</b>

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Central Assumptions	3.998	4.540	8.538

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	4.896	5.045	9.941	16%
Health care inflation	-1%	3.293	4.107	7.400	-13%
Post-retirement mortality	-1 year	4.136	4.708	8.844	4%
Average retirement age	-1 year	4.364	4.540	8.904	4%
Withdrawal Rate	-50%	4.418	4.540	8.958	5%

3.2

Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 123 employees were eligible for Long Service Bonuses.

The Current-service Cost for the year ending 30 June 2011 is R 145,894. The Current-service Cost for the ensuing year has been estimated to be R 124,277.

Key actuarial assumptions used:

i) Rate of interest

	2011 %	2010 %
Discount rate	7.76%	8.99%
General Salary Inflation (long-term)	6.26%	6.34%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	1.41%	2.49%

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	1 134 463	1 039 472
<b>Net liability/(asset)</b>	<b>1 134 463</b>	<b>1 039 472</b>

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2009 R	2008 R	2007 R
<b>Total Liability</b>	<b>978 382</b>	<b>-</b>	<b>-</b>
		2011 R	2010 R

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	1 039 472	978 382
Total expenses	93 928	77 780
Current service cost	145 894	126 459
Interest Cost	87 297	83 367
Benefits Paid	(139 263)	(132 046)
Actuarial (gains)/losses	1 063	(16 690)
Present value of fund obligation at the end of the year	1 134 463	1 039 472
<b>Less:</b> Transfer of Current Portion	6 (122 001)	(139 263)
<b>Balance as at 30 June</b>	<b>1 012 462</b>	<b>900 209</b>

**SIYANCUMA MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

<b>3</b>	<b>EMPLOYEE BENEFITS (CONTINUE)</b>		<b>2011</b>	<b>2010</b>
			<b>R</b>	<b>R</b>
	<b>Sensitivity Analysis on the Unfunded Accrued Liability</b>			
	<b>Assumption</b>	<b>Change</b>	<b>Liability (Rm)</b>	<b>% change</b>
	Central assumptions		1.134	
	General salary inflation	1%	1.212	7%
	General salary inflation	-1%	1.064	-6%
	Average retirement age	-2 yrs.	1.006	-11%
	Average retirement age	2 yrs	1.267	12%
	Withdrawal rates	-50%	1.315	16%
			<b>2011</b>	<b>2010</b>
			<b>R</b>	<b>R</b>

**3.3 Retirement funds**

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although both the Cape Joint Pension Fund and Cape Joint Retirement Fund are defined as defined benefit plans, it will be accounted for as defined contribution plans.

**CAPE JOINT PENSION FUND**

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2010 revealed that the fund is in an sound financial position with a funding level of 100% (30 June 2009 - 100%). Actuarial valuations also determined that there were a shortfall in the investment return for the 30 June 2010 financial year.

**CAPE JOINT RETIREMENT FUND**

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2010 revealed that the fund is in a sound financial position with a funding level of 100.3% (30 June 2009 - 103.3%).

<b>4</b>	<b>NON-CURRENT PROVISIONS</b>		<b>2011</b>	<b>2010</b>
			<b>R</b>	<b>R</b>
	Provision for Rehabilitation of Landfill-sites		-	1 532 688
	<b>Total Non-current Provisions</b>		<b>-</b>	<b>1 532 688</b>

**Landfill Sites**

Balance 1 July		1 532 688	1 458 371
Balance previously reported		-	-
First time recognition of Capitalised Restoration Cost - At Cost	34.02	-	1 458 371
Contribution for the year		98 470	74 317
Expenditure for the year		-	-
Actuarial Loss/(Gain)		-	-
<b>Total provision 30 June</b>		<b>1 631 158</b>	<b>1 532 688</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions		<b>(1 631 158)</b>	<b>-</b>
<b>Balance 30 June</b>		<b>-</b>	<b>1 532 688</b>

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. 50.1

A landfill site provision has been raised in connection with the rehabilitation of the campbell landfill site of which the timing is unknown but is expected to take place within the next 12 months.

<b>5</b>	<b>CONSUMER DEPOSITS</b>		<b>2011</b>	<b>2010</b>
			<b>R</b>	<b>R</b>
	Water & Electricity		184 484	173 135
	<b>Total Consumer Deposits</b>		<b>184 484</b>	<b>173 135</b>

The fair value of consumer deposits approximate their carrying value. No discounting of consumer deposits is being performed due to the uncertainty of the timing of future repayments. Interest is not paid on these amounts.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

6	CURRENT EMPLOYEE BENEFITS		2011 R	2010 R
	Current Portion of Post Retirement Benefits	3	328 464	177 720
	Current Portion of Long-Service Awards	3	122 001	139 263
	Bonuses		518 146	544 786
	Staff Leave		887 858	1 423 356
	<b>Total Current Employee Benefits</b>		<b>1 856 469</b>	<b>2 285 125</b>

The movement in current employee benefits are reconciled as follows:

**Bonuses**

Balance at beginning of year	544 786	517 439
Contribution to current portion	92 075	27 347
Expenditure incurred	(118 715)	-
Balance at end of year	<b>518 146</b>	<b>544 786</b>

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

**Staff Leave**

Balance at beginning of year	1 423 356	2 115 341
Contribution to current portion	-	(691 985)
Expenditure incurred	(535 498)	-
Balance at end of year	<b>887 858</b>	<b>1 423 356</b>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

7	PROVISIONS			
	Current Portion of Rehabilitation of Landfill-sites	4	1 631 158	-
	<b>Total Provisions</b>		<b>1 631 158</b>	-

8	TRADE AND OTHER PAYABLES		2011 R	2010 R
	Trade Payables		3 342 845	4 512 904
	Receivables with credit balances		282 647	128 869
	Payments received in advance		-	331
	<b>Total Trade Payables</b>		<b>3 625 492</b>	<b>4 642 104</b>

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary

The carrying value of trade and other payables approximates its fair value.

**SIYANCUMA MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

9	<b>UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>	<b>2011 R</b>	<b>2010 R</b>
	<b>Unspent Grants</b>	9 949 920	6 879 872
	National and Provincial Government Grants	9 949 920	6 879 872
	<b>Less:</b> Unpaid Grants	3 717 415	3 698 182
	National and Provincial Government Grants	3 717 415	3 698 182
	<b>Total Conditional Grants and Receipts</b>	<b>6 232 505</b>	<b>3 181 690</b>

See appendix "F" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

**Library Project**

Provincial Department - Library maintenance and Expenses

**Brickmaking Project**

Provincial Department - Job creation

**Housing Schmidtsdrift**

National Housing Department - Infrastructure of houses

**Douglas/Bongani Parks**

Provincial Department - Job creation

**WSA Capacity Building Programme**

Provincial Department - Supply of water.

**FMG**

National Treasury - Financial Management

**Drought Relief**

National Treasury - Supply of water

**MSIG**

National Treasury - Municipal System Improvement

**MIG**

National Treasury - Municipal Infrastructure Improvement

**Schmidtsdrift Electrification**

National Housing Department - Infrastructure of houses

**Impumelelo Awards HIV/AIDS**

National Treasury - HIV/AIDS Projects

**Learnership De Aar**

District Municipality - Job creation projects

**Siyancuma Town Planning**

National Housing Department - Infrastructure of houses

**LG Seta**

National Treasury - Personnel Training

**Sports Development**

Provincial Department - Sports Development

**Excess Road Mathlomola**

Provincial Department - Road Maintenance

**EPWP**

Provincial Department - Road Maintenance

**Royalties Mines (Streets)**

Local mines - Road Maintenance

**Department of Minerals & Energy**

Provincial Department - Infrastructure development

10	<b>VAT PAYABLE FROM EXCHANGE-TRANSACTIONS</b>	<b>2011 R</b>	<b>2010 R</b>
	VAT Payable	3 032 251	3 012 172
	VAT Receivable	295 146	(265 220)
		<b>2 737 105</b>	<b>2 746 952</b>

VAT is payable/receivable on the cash basis.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2011 R	2010 R
11	PROPERTY, PLANT AND EQUIPMENT		
	<u>See attached sheet</u>		













SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

12 INVESTMENT PROPERTY

	2011 R	2010 R
<b>Net Carrying amount as at 1 July</b>	<b>9 982 000</b>	<b>9 982 000</b>
Cost	9 982 000	9 982 000
Balance previously reported	-	-
Change in Accounting Policy	-	9 982 000
Accumulated Depreciation	-	-
<b>Net Carrying amount as at 30 June</b>	<b>9 982 000</b>	<b>9 982 000</b>
Cost	9 982 000	9 982 000
Accumulated Depreciation	-	-

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities.

50.3

Since the previous reporting date the following Investment Property were measured in accordance with GRAP 16 and restated retrospectively:

Cost	-	9 982 000
Accumulated Depreciation	-	-
Total not previously recognised now restated retrospectively	-	<b>9 982 000</b>

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

13 INTANGIBLE ASSETS

	2011 R	2010 R
<b>Computer System &amp; Software</b>	<b>392 293</b>	<b>441 330</b>
<b>Net Carrying amount at 1 July</b>	<b>392 293</b>	<b>441 330</b>
Cost	490 367	490 367
Accumulated Amortisation	(98 074)	(49 037)
Acquisitions	183 004	-
Amortisation	(52 232)	(49 037)
<b>Net Carrying amount at 30 June</b>	<b>523 065</b>	<b>392 293</b>
Cost	673 371	490 367
Accumulated Amortisation	(150 306)	(98 074)

Description	Remaining Amortisation Period	Carrying Value	
		2011 R	2010 R
SEBATA - Accounting System	8	343 257	392 293
Microsoft Office Home and Business DVD	9	12 056	-
Cemetery Module	9	36 479	-
Implementation of Sebata FMS 5.4	9	18 466	-
mpls	9	112 807	-

No intangible asset were assed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

14 BIOLOGICAL ASSETS

	Quantity (Units)	Fair Value R	2011 R	2010 R
Springbuck	331	1 200	397 200	397 200
Blesbuck	75	900	67 500	67 500
Ostrich	2	1 500	3 000	3 000
			<b>467 700</b>	<b>467 700</b>

Fair value of biological assets is based on selling prices less costs to sell in an open active market.

Reconciliation of fair value:

Opening Fair Value	<b>467 700</b>	<b>467 700</b>
Closing Fair Value	<b>467 700</b>	<b>467 700</b>

No title or other restrictions are placed on biological assets.

No biological assets were pledged as security for liabilities.

There are no commitments for the development or acquisition of biological assets.

Disclose financial risk management strategies related to agricultural activity.

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities.

50.4

15 LONG TERM RECEIVABLES

	2011 R	2010 R
Trade and other receivables with arrangements	22 971	22 971
<b>Less:</b> Current portion transferred to current receivables	(22 971)	(6 924)
Trade and other receivables from exchange transactions with arrangements	<b>(22 971)</b>	<b>(6 924)</b>
<b>Less:</b> Provision for Impairment of Long Term Receivables	-	16 047
<b>Total Long Term Receivables</b>	<b>-</b>	<b>16 047</b>

TRADE AND OTHER RECEIVABLES WITH ARRANGEMENTS

When the public has outstanding service accounts that can not be paid in full, they make arrangements with Siyancuma Municipality to pay their accounts at a fixed instalment over a period. Arrangements are repayable up to the year 2020. The debtors did not meet their payment requirements, thus the arrangements are to be disregarded.

16 INVENTORY

	2011 R	2010 R
Maintenance Materials - At cost	99 776	-
Water – at cost	173	-
<b>Total Inventory</b>	<b>99 949</b>	<b>-</b>

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities.

50.5

Since the previous reporting date the following inventories were measured in accordance with GRAP 12.

Water	99 776
Maintenance Materials - At cost	173
	<b>99 949</b>

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
<b>17 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
<b>Service Receivables</b>		
Water	18 277 907	13 901 419
Electricity	3 197 284	2 700 369
Refuse	5 688 797	4 371 582
Sewerage	8 337 635	6 323 161
<b>Total Service Receivables</b>	<b>35 501 623</b>	<b>27 296 531</b>
Less: Allowance for Doubtful Debts	(30 610 640)	(23 498 048)
<b>Net Service Receivables</b>	<b>4 890 983</b>	<b>3 798 483</b>
<b>Other Receivables</b>		
Other Arrears	2 653 830	2 340 742
Attorneys Balances	779 463	789 330
Rent Bongani	392 321	392 789
Sundry Accounts	1 239 995	1 144 580
Other	242 051	14 043
<b>Total Other Receivables</b>	<b>2 653 830</b>	<b>2 340 742</b>
Less: Allowance for Doubtful Debts	(863 155)	(856 176)
<b>Net Other Receivables</b>	<b>1 790 675</b>	<b>1 484 566</b>
<b>Total Net Receivables from Exchange Transactions</b>	<b>6 681 658</b>	<b>5 283 049</b>
<b>Ageing of Receivables from Exchange Transactions</b>		
<b><u>(Electricity): Ageing</u></b>		
Current (0 - 30 days)	1 104 919	887 411
31 - 60 Days	93 675	153 120
61 - 90 Days	86 595	101 691
+ 90 Days	1 912 095	1 558 147
<b>Total</b>	<b>3 197 284</b>	<b>2 700 369</b>
<b><u>(Water): Ageing</u></b>		
Current (0 - 30 days)	1 034 489	497 496
31 - 60 Days	371 889	408 470
61 - 90 Days	390 945	295 706
+ 90 Days	16 480 583	12 699 747
<b>Total</b>	<b>18 277 907</b>	<b>13 901 419</b>
<b><u>(Refuse): Ageing</u></b>		
Current (0 - 30 days)	483 809	312 863
31 - 60 Days	120 520	74 782
61 - 90 Days	117 751	59 988
+ 90 Days	4 966 717	3 923 949
<b>Total</b>	<b>5 688 797</b>	<b>4 371 582</b>
<b><u>(Sewerage): Ageing</u></b>		
Current (0 - 30 days)	623 361	362 684
31 - 60 Days	197 712	154 791
61 - 90 Days	194 568	138 331
+ 90 Days	7 321 993	5 667 355
<b>Total</b>	<b>8 337 635</b>	<b>6 323 161</b>
<b><u>(Other Receivables): Ageing</u></b>		
Current (0 - 30 days)	686 767	10 962
31 - 60 Days	9 453	9 143
61 - 90 Days	9 511	8 738
+ 90 Days	1 706 172	2 160 970
<b>Total</b>	<b>2 411 902</b>	<b>2 189 813</b>



SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

18	<b>TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>	<b>2011 R</b>	<b>2010 R</b>
	<b>Service Receivables</b>		
	Taxes - Rates	4 447 294	3 687 408
	<b>Total Service Receivables</b>	<b>4 447 294</b>	<b>3 687 408</b>
	Less: Allowance for Doubtful Debts	-1 406 718	-1 141 768
	<b>Net Service Receivables</b>	<b>3 040 576</b>	<b>2 545 640</b>
	<b>Total Net Receivables from Non-Exchange Transactions</b>	<b>3 040 576</b>	<b>2 545 640</b>
	<b>Ageing of Receivables from Non-Exchange Transactions</b>		
	<b>(Rates): Ageing</b>		
	Current (0 - 30 days)	188 050	325 895
	31 - 60 Days	135 221	109 309
	61 - 90 Days	130 171	91 862
	+ 90 Days	3 993 852	3 160 342
	<b>Total</b>	<b>4 447 294</b>	<b>3 687 408</b>

19	<b>TRADE AND OTHER RECEIVABLES FROM EXCHANGE AND NON-EXCHANGE TRANSACTIONS</b>				
	<b>Summary of Receivables by Customer Classification</b>	<b>Residential, Industrial &amp; Commercial R's</b>	<b>Other Debtors R's</b>	<b>National and Provincial Government R's</b>	<b>Total R's</b>
	<b>2011</b>				
	Total Receivables	42 040 994	-	561 753	42 602 747
	Less: Provision for doubtful debts	-32 880 513	-	-	-32 880 513
	<b>Total Recoverable debtors by customer classification</b>	<b>9 160 481</b>	<b>-</b>	<b>561 753</b>	<b>9 722 234</b>
	<b>Summary of Receivables by Customer Classification</b>	<b>Residential, Industrial &amp; Commercial R's</b>	<b>Other Debtors R's</b>	<b>National and Provincial Government R's</b>	<b>Total R's</b>
	<b>2010</b>				
	Total Receivables	32 713 770	-	610 911	33 324 681
	Less: Provision for doubtful debts	-25 495 992	-	-	-25 495 992
	<b>Total Recoverable debtors by customer classification</b>	<b>7 217 778</b>	<b>-</b>	<b>610 911</b>	<b>7 828 689</b>
			<b>Exchange Transactions R's</b>	<b>Non-Exchange Transactions R's</b>	<b>Total R's</b>
	<b>The ageing of amounts past due but not impaired is as follows:</b>				
	<b>2011</b>				
	1 month past due		275 055	104 537	379 593
	2 + months past due		3 700 357	2 783 548	6 483 906
	<b>Total</b>		<b>3 975 413</b>	<b>2 888 086</b>	<b>6 863 498</b>
	<b>Credit quality of financial assets that are neither past due nor impaired:</b>				
	1 month past due		34.67%	77.31%	
	2 + months past due		11.15%	67.50%	
	<b>Trade and other receivables impairment</b>				
	<b>2011</b>		<b>Exchange Transactions R's</b>	<b>Non-Exchange Transactions R's</b>	<b>Total R's</b>
	Total		-31 473 795	-1 406 718	-32 880 513
	<b>2010</b>		<b>Exchange Transactions R's</b>	<b>Non-Exchange Transactions R's</b>	<b>Total R's</b>
	Total		-24 354 224	-1 141 768	-25 495 992

Debts (Rates) are required to be settled after 30 days, interest is charged after this date at prime +1%.  
The fair value of trade and other receivables approximates their carrying amounts.

	<b>Reconciliation of the Total doubtful debt provision</b>	<b>2011 R</b>	<b>2010 R</b>
	Balance at beginning of the year	25 495 992	23 926 550
	Contributions to provision	7 384 522	1 571 527
	Doubtful debts written off against provision	-	-2 085
	<b>Balance at end of year</b>	<b>32 880 514</b>	<b>25 495 992</b>

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2011 R	2010 R
20	<b>OPERATING LEASE ARRANGEMENTS</b>		
20.1	<b>The Municipality as Lessor</b>		
	<b>Balance on 1 July</b>	28 443	22 740
	<b>Restated Balance on 1 July</b>	28 443	22 740
	Movement during the year	49 880	5 703
	<b>Balance on 30 June</b>	78 323	28 443
	Siyancuma Municipality is leasing commonage land to MTN for periods of 119 months with escalations of 10% per year.		
	Siyancuma Municipality is leasing commonage land to various lessees with escalations of 12% per year till 30 June 2020.		
		2011 R	2010 R
	At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:		
	Up to 1 Year	96 610	25 156
	1 to 5 Years	510 282	128 423
	More than 5 Years	598 338	58 198
	<b>Total Operating Lease Arrangements</b>	<b>1 205 230</b>	<b>211 778</b>
	This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.		
	The leases are in respect of land being leased out for a period until June 2020		
21	<b>CASH AND CASH EQUIVALENTS</b>	2011 R	2010 R
	<b>Assets</b>		
	Call Investments Deposits	1 634 713	115 938
	Primary Bank Account	11 528 649	6 496 416
	Cash Floats	700	700
	<b>Total Cash and Cash Equivalents - Assets</b>	<b>13 164 063</b>	<b>6 613 054</b>
	The municipality has the following bank accounts:		
	<b>Current Accounts</b>		
	Douglas - Std Bank Account number: 041667336000 (Primary Bank Account):	-337 138	301 183
	Douglas - FNB Account Number: 52090016612 ( Second Primary Bank Account)	11 865 787	6 203 497
		<b>11 528 649</b>	<b>6 504 680</b>
	<b>Douglas - Std Bank Account number: 041667336000 (Primary Bank Account):</b>		
	Cash book balance at beginning of year	301 183	-2 560 868
	Cash book balance at end of year	-337 138	301 183
	Bank statement balance at beginning of year	441 475	207 129
	Bank statement balance at end of year	227 660	441 475
	<b>Douglas - FNB Account Number: 52090016612 ( Second Primary Bank Account)</b>		
	Cash book balance at beginning of year	6 203 497	3 049
	Cash book balance at end of year	11 865 787	6 203 497
	Bank statement balance at beginning of year	6 203 497	-4 888
	Bank statement balance at end of year	11 865 787	6 203 497
	<b>Call Investment Deposits</b>		
	Call investment deposits consist out of the following accounts:		
	Fixed Deposit	14 029	13 821
	Schmidsdrift Brickmaking	1 209	1 635
	Investment Standard Bank	1 210 450	2 152
	Investment FNB	1 892	1 892
	Balance as previously reported	-	2 229
	Correction of error	-	-337
	Standard Working Capital	374 386	65 910
	Nedbank Fixed Deposit	32 747	30 528
		<b>1 634 713</b>	<b>115 938</b>

**SIYANCUMA MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

22	PROPERTY RATES	2011 R	2010 R
	<u><b>Actual</b></u>		
	<b>Rateable Land and Buildings</b>	5 745 661	4 847 313
	Residential, Commercial Property, State	5 745 661	4 847 313
	<b>Less: Rebates</b>	-11 231	-15 614
	<b>Total Assessment Rates</b>	<b>5 734 430</b>	<b>4 831 699</b>
	<u><b>Valuations - 1 JULY 2010</b></u>		
	<b>Rateable Land and Buildings</b>	151 780 403	151 780 403
	Residential	79 471 768	79 471 768
	Business	30 558 785	30 558 785
	Governments	21 524 060	21 524 060
	The Erven	7 029 760	7 029 760
	Exempt Municipal and other	13 196 030	13 196 030
	<b>Less: Income Forgone</b>		
	<b>Total Assessment Rates</b>	<b>151 780 403</b>	<b>151 780 403</b>

**Valuations on 1 JULY 2010: IN ANY FORMAT YOU CAN GIVE**

	Site Valuation	Building Valuation	Total Valuation
Residential	9 344 468	70 127 300	79 471 768
Business	2 867 535	27 691 250	30 558 785
Governments	712 890	20 811 170	21 524 060
The Erven	1 661 250	5 368 510	7 029 760
Exempt Municipal and other	1 926 130	11 269 900	13 196 030
<b>Total Property Valuations</b>	<b>16 512 273</b>	<b>135 268 130</b>	<b>151 780 403</b>

Valuations on land and buildings must be performed every four years. The last valuation came into effect on 1 July 1993 and interim 1 July 2001.

Rates are levied monthly and annually and are payable after due dates. Interest is levied at the prime rate plus 1% on outstanding amounts after due dates

23	GOVERNMENT GRANTS AND SUBSIDIES	2011 R	2010 R
	<b>Unconditional Grants</b>	<b>25 280 454</b>	<b>20 680 210</b>
	Equitable Share	25 280 454	20 680 210
	<b>Conditional Grants</b>	<b>19 055 311</b>	<b>19 113 241</b>
	Library Project	287 529	13 990
	Housing Schmidtsdrift	-	1 357 259
	WSA Capacity Building Programme	-	109 372
	FMG	908 098	1 367 032
	Drought Relief	-	10 647
	MSIG	914 177	726 321
	MIG	10 129 821	8 774 482
	Schmidtsdrift Electrification	74 885	28 653
	Learnership De Aar	-	184 430
	Siyancuma Town Planning	-	687 645
	LG Seta	119 457	35 290
	EPWP	6 118 476	4 499 192
	Royalties Mines (Streets)	-	103 828
	Department of Minerals & Energy	502 869	1 215 100
	<b>Total Government Grants and Subsidies</b>	<b>44 335 764</b>	<b>39 793 451</b>
	Government Grants and Subsidies - Capital	17 028 912	16 790 085
	Government Grants and Subsidies - Operating	27 306 853	23 003 367
		<b>44 335 765</b>	<b>39 793 452</b>

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

23	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)	2011 R	2010 R
23.1	<b>Equitable share</b>		
	Opening balance	-	-
	Grants received	25 280 454	20 680 210
	Conditions met - Operating	(25 280 454)	(20 680 210)
	Conditions met - Capital	-	-
	Conditions still to be met	-	-
	In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive 6kl free water and 50kwh free electricity per month, which is funded from this grant.		
23.2	<b>Local Government Financial Management Grant (FMG)</b>		
	Opening balance	(291 902)	225 130
	Grants received	1 200 000	850 000
	Conditions met - Operating	(904 503)	(1 367 032)
	Conditions met - Capital	(3 595)	-
	Conditions still to be met	-	(291 902)
	The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).		
23.3	<b>Municipal Systems Improvement Grant</b>		
	Opening balance	112 361	88 682
	Grants received	750 000	750 000
	Conditions met - Operating	(731 173)	(715 268)
	Conditions met - Capital	(183 004)	(11 053)
	Conditions still to be met	(51 816)	112 361
	The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.		
23.4	<b>Municipal Infrastructure Grant (MIG)</b>		
	Opening balance	5 995 223	2 730 705
	Grants received	12 567 000	12 039 000
	Conditions met - Operating	-	-
	Conditions met - Capital	(10 129 821)	(8 774 482)
	Grant expenditure to be recovered	8 432 402	5 995 223
	The grant was used to upgrade infrastructure in previously disadvantaged areas.		
23.5	<b>Housing Grants</b>		
	Opening balance	(1 525 950)	(656 820)
	Grants received	-	488 129
	Conditions met - Operating	-	-
	Conditions met - Capital	-	(1 357 259)
	Grant expenditure to be recovered	(1 525 950)	(1 525 950)
	Housing grants was utilised for the development of erven and the erection of top structures.		
23.6	<b>Integrated National Electrification Grant</b>		
	Opening balance	(293 100)	-
	Grants received	1 483 100	922 000
	Conditions met - Operating	-	-
	Conditions met - Capital	(502 869)	(1 215 100)
	Conditions still to be met	687 131	(293 100)
	The National Electrification Grant was used for electrical connections in previously disadvantaged areas.		

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2011 R	2010 R
<b>23</b>	<b>GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)</b>		
<b>23.7</b>	<b>Other Grants</b>		
	Opening balance	(814 942)	(973 947)
	Grants received	6 106 026	5 832 052
	Conditions met - Operating	(390 723)	(240 857)
	Conditions met - Capital	(6 209 623)	(5 432 190)
	Conditions still to be met	<u>(1 309 262)</u>	<u>(814 942)</u>
	Various grants were received from other spheres of government (e.g. Library fund and Skills Development Grant)		
<b>23.8</b>	<b>Total Grants</b>		
	Opening balance	3 181 690	1 413 750
	Grants received	47 386 580	41 561 391
	Conditions met - Operating	(27 306 853)	(23 003 367)
	Conditions met - Capital	(17 028 911)	(16 790 084)
	Conditions still to be met/(Grant expenditure to be recovered)	<u><b>6 232 506</b></u>	<u><b>3 181 690</b></u>
	Disclosed as follows:		
	Unspent Conditional Government Grants and Receipts	9 949 920	6 879 872
	Unpaid Conditional Government Grants and Receipts	(3 717 415)	(3 698 182)
		<u><b>6 232 505</b></u>	<u><b>3 181 690</b></u>
		2011 R	2010 R
<b>24</b>	<b>SERVICE CHARGES</b>		
	Electricity	17 357 000	15 283 503
	Service Charges	19 813 478	18 010 388
	Less: Rebates	(2 456 478)	(2 726 885)
	Water	7 026 615	5 420 948
	Service Charges	8 021 068	6 388 154
	Less: Rebates	(994 453)	(967 206)
	Refuse removal	3 351 013	2 712 856
	Service Charges	3 825 271	3 196 884
	Less: Rebates	(474 258)	(484 028)
	Sewerage and Sanitation Charges	3 911 698	3 251 666
	Service Charges	4 465 307	3 831 829
	Less: Rebates	(553 609)	(580 163)
	Other Service Charges	-	-
	<b>Total Service Charges</b>	<u><b>31 646 326</b></u>	<u><b>26 668 973</b></u>
	Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
		2011 R	2010 R
<b>25</b>	<b>OTHER REVENUE</b>		
	Sundry income	150 929	101 700
	Insurance income	70 725	334 706
	Instalations	44 606	80 983
	Cemetery fees	30 259	28 964
	Other income represents administration income and Sale of land.	72 302	36 212
	Finance lease contract cancelled	1 477 012	-
	<b>Total Other Income</b>	<u><b>1 845 833</b></u>	<u><b>582 565</b></u>
	Sundry income represents sundry income such as building plans, sale of sundry items (wood, sand and stones) an fees for items not included under service charges (camping, fire brigade and impounding fees)		

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2011 R	2010 R
26	<b>EMPLOYEE RELATED COSTS</b>		
	Employee Related Costs - Salaries and Wages	12 550 186	12 051 948
	Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	3 312 685	3 362 039
	Travelling Allowances	2 052 739	2 134 223
	Standby Allowance	382 648	353 163
	Housing Benefits and Allowances	415 326	357 166
	Overtime	985 491	944 078
	Workmens Compensation	-	1 128
	Bonuses	1 063 854	914 387
	Leave reserve	(5 875)	130 207
	Provision for staff leave	(344 874)	(691 985)
	Contribution to provision - Long Service Awards	3 145 894	126 459
	Contribution to provision - Post Retirement Medical	3 254 516	480 293
		<u>20 812 589</u>	<u>20 163 106</u>
	<b>Less:</b> Employee Costs allocated elsewhere	-	-
	<b>Total Employee Related Costs</b>	<b><u>20 812 589</u></b>	<b><u>20 163 106</u></b>

**KEY MANAGEMENT PERSONNEL**

The CFO post was filled on 1 January 2011. There are no post-employment or termination benefits payable to them at the end of the contract period.

**REMUNERATION OF KEY MANAGEMENT PERSONNEL**

**Remuneration of the Municipal Manager (IWJ Stadhouer)**

Annual Remuneration	300 000	100 000
Subsistence Allowances	12 000	8 000
Travelling Allowance	146 628	52 876
Contributions to UIF, Medical and Pension Funds	105 372	35 124
Cellphone Allowance	6 400	-
Public Allowance	12 000	-
Backpay	-	100 000
Housing	24 000	8 000
<b>Total</b>	<b><u>606 400</u></b>	<b><u>304 000</u></b>

**Remuneration of the Chief Financial Officer (DF Kruger till 31 July 2009)**

Annual Remuneration	-	12 161
Subsistence Allowances	-	2 000
Housing	-	1 674
Travelling Allowance	-	23 982
Leave	-	15 761
Backpay	-	131 377
Contributions to UIF, Medical and Pension Funds	-	6 098
<b>Total</b>	<b><u>-</u></b>	<b><u>193 053</u></b>

**Remuneration of the Chief Financial Officer (CJ Muller)**

Annual Remuneration	372 398	-
Travelling Allowance	30 000	-
Cellphone Allowance	4 000	-
<b>Total</b>	<b><u>406 398</u></b>	<b><u>-</u></b>

**Remuneration of the Director Infrastructure Services**

Annual Remuneration	178 677	178 677
Housing	79 200	79 200
Travelling Allowance	100 384	100 384
Contributions to UIF, Medical and Pension Funds	47 808	47 808
Bonuses	14 890	14 890
<b>Total</b>	<b><u>420 959</u></b>	<b><u>420 959</u></b>

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2011 R	2010 R
<b>27</b>	<b>REMUNERATION OF COUNCILLORS</b>		
	Executive Mayor: Allowances	380 681	211 931
	Pension and Medical	10 260	94 471
	Cell phone Allowance	29 221	28 163
	Backpay	20 127	-
	Travelling	126 893	122 128
	Councillors: Allowances	923 857	793 804
	Pension and Medical	-	197 756
	Cell phone Allowance	84 280	80 240
	Backpay	49 944	-
	Travelling	307 954	337 628
	<b>Total Councillors' Remuneration</b>	<b>1 933 217</b>	<b>1 866 121</b>
	<i>In-kind Benefits</i>		
	The Mayor is full-time. She is provided with an office and secretarial support at the cost of the Council.		
<b>28</b>	<b>DEBT IMPAIRMENT</b>		
	Long term Receivables	15 -	-
	Trade Receivables from exchange transactions	17 7 119 572	429 759
	Trade Receivables from non-exchange transactions	18 264 950	1 141 768
	<b>Total Contribution to Impairment Provision</b>	<b>7 384 522</b>	<b>1 571 527</b>
<b>29</b>	<b>IMPAIRMENTS</b>		
	Property Plant & Equipment	-	7 842
		-	7 842
<b>30</b>	<b>FINANCE CHARGES</b>		
	Long-term Liabilities	1 070 216	913 188
	Actuarial Interest	593 642	331 287
	Unwinding interest - Non current provision	98 470	74 317
	<b>Total finance charges</b>	<b>1 762 328</b>	<b>1 318 792</b>
<b>31</b>	<b>BULK PURCHASES</b>		
	Electricity	14 345 087	11 717 022
	Water	306 659	204 624
	<b>Total Bulk Purchases</b>	<b>14 651 746</b>	<b>11 921 646</b>
<b>32</b>	<b>GRANTS AND SUBSIDIES</b>		
	Mayoral Matric Award	165 463	-
	<b>Total Grants and Subsidies</b>	<b>165 463</b>	<b>-</b>
<b>33</b>	<b>GENERAL EXPENSES</b>		
	Act on local government	303 466	150 730
	Advertisements	47 615	25 330
	Audit fees	3 031 452	1 432 612
	Bank charges	298 786	242 232
	Chemicals	326 578	249 276
	Cleaning costs	302 548	44 392
	Delegation fees	590 464	514 224
	Entertainment: public	99 539	95 033
	Environmental health	69 477	104 152
	Insurance cost	574 210	555 090
	Legal expenses	103 975	184 144
	Membership fees: municipal	88 810	119 382
	Meter purchases	34 010	25 679
	Other expenditure	345 901	291 638
	Printing & stationary	467 492	304 351
	Profesional and consultant	749 744	438 773
	Purchase of refuse bags	107 272	-
	Telephone expenses	713 429	602 093
	Training	147 393	80 600
	Valuation fees	1 770 264	-
	Vehicles: fuel	611 975	590 139
	<b>General Expenses</b>	<b>10 784 402</b>	<b>6 049 870</b>

General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This include items such as telecommunications, travelling, legal fees, auditing fees and consulting fees.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2010 R	2009 R
34	<b>CORRECTION OF ERROR IN TERMS OF GRAP 3</b>		
34.01	<b>Directive 4: "Transitional Provisions for Medium and Low Capacity Municipalities"</b>		
	In terms of Directive 4: "Transitional Provisions for Medium and Low Capacity Municipalities" issued by the Accounting Standards Board the municipality has transitional provisions for the following GRAP Standards:		
	GRAP 12 – Inventories		
	GRAP 13 - Leases		
	GRAP 16 – Investment Property		
	GRAP 17 – Property, Plant and Equipment		
	GRAP 19 – Provisions, Contingent Liabilities and Contingent Assets		
	GRAP 100 – Non-current Assets Held for Sale and Discontinued Operations		
	GRAP 101 - Agriculture		
	GRAP 102 – Intangible Assets		
	These provisions were not adopted in the prior year and are now adopted for periods ending on and after 30 June 2009.		
34.02	<b>Non-current Provisions</b>		
	<b>Balance previously reported</b>	-	-
	First time recognition of Landfill Site Provision - Recognised Assets - Note	34.03	-1 458 371
	Recognition of Interest Cost on Non-current Provisions for 2009/2010 - Note	34.10	-74 317
	<b>Total</b>	<b>-</b>	<b>-1 532 688</b>



SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2010 R	2009 R
<b>34.03 Property, Plant and Equipment - GRAP 17</b>			
Property, Plant and Equipment recorded as required by GRAP 17.			
<b>Balance previously reported</b>		<b>141 026 781</b>	<b>124 236 696</b>
Opening balance GRAP movements 2009		159 165 110	-
<b>Implementation of GRAP</b>			
Property, Plant and Equipment previously not recognised transfer from Accumulated Surplus	34.09	-	157 706 740
First time recognition of Landfill Site Provision - Recognised Assets	34.02	-	1 458 371
Property, Plant and Equipment incorrectly transferred to Statement on Financial Performance	34.10	-2 154 277	
<b>Total</b>		<b>298 037 615</b>	<b>159 165 110</b>
<b>34.04 Accumulated Depreciation - GRAP 17</b>			
Property, Plant and Equipment recorded as required by GRAP 17.			
<b>Balance previously reported</b>		<b>-15 580 632</b>	<b>-10 122 142</b>
Opening balance GRAP movements 2009		-7 746 535	-
Recalculation of depreciation of assets not previously recognised - transferred from Accumulated Surplus	34.09	-	-7 746 535
Recalculation of depreciation of assets not previously recognised - transferred from Statement of Financial Performance	34.10	-4 269 154	
Transfer to Accumulated Surplus/(Deficit) & St of Financial Performance		<b>-27 596 320</b>	<b>-17 868 677</b>
<b>34.05 Cash and Cash Equivalents - Investment FNB</b>			
Disclosure as required by GRAP 1.			
<b>Balance previously reported</b>		<b>-</b>	<b>2 229</b>
Correcting the balance and interest capitalised of the FNB Investment	34.09	-	-337
<b>Total</b>		<b>-</b>	<b>1 892</b>
<b>34.06 GRAP 13 - Finance Lease Liability</b>			
Finance Lease Liability recorded as they are required by GRAP 13			
<b>Balance previously reported</b>		<b>-</b>	<b>-</b>
Opening balance GRAP movements 2009		(2 612 659)	-
<b>Implementation of GRAP</b>			
Finance Lease Liability previously not recognised for opening balance	34.09	-	(3 264 059)
Finance Lease Liability previously not recognised for the year	34.10	753 231	651 400
<b>Total</b>		<b>(1 859 428)</b>	<b>(2 612 659)</b>
		<b>2010 R</b>	<b>2009 R</b>
<b>34.07 GRAP 102 - Investment Property</b>			
Investment Property recorded as they are required by GRAP 102			
<b>Balance previously reported</b>		<b>-</b>	<b>-</b>
Opening balance GRAP movements 2009		9 982 000	-
<b>Implementation of GRAP</b>			
Investment Property not previously recognised transferred from Accumulated Surplus	34.09	-	9 982 000
<b>Total</b>		<b>9 982 000</b>	<b>9 982 000</b>
This change in accounting policy is made in accordance with its transitional provisions in Directive 4 from the Accounting Standards Board	50.3		
<b>34.08 GRAP 102 - Biological Assets</b>			
Biological Assets recorded as they are required by GRAP 102			
<b>Balance previously reported</b>		<b>-</b>	<b>-</b>
Opening balance GRAP movements 2009		467 700	-
<b>Implementation of GRAP</b>			
Biological Assets not previously recognised transferred from Accumulated Surplus	34.09	-	467 700
<b>Total</b>		<b>467 700</b>	<b>467 700</b>
This change in accounting policy is made in accordance with its transitional provisions in Directive 4 from the Accounting Standards Board	50.4		
<b>34.09 Accumulated Surplus/(Deficit)</b>			
<b>Balance previously reported</b>		<b>-</b>	<b>-</b>
Opening balance GRAP movements 2009		-157 796 909	-
Correcting Investment account balance	34.05	-	337
Property, Plant and Equipment previously not recognised transfer from Accumulated Surplus	34.03	-	-157 706 740
Finance Lease Asset not previously recognised	34.06	-	2 612 659
Recalculation of depreciation of assets not previously recognised - transferred from Accumulated Surplus	34.04	-	7 746 535
Investment Properties not Previously recognised transferred from Accumulated Surplus	34.07	-	-9 982 000
Biological Assets not previously recognised	34.08	-	-467 700
<b>Total</b>		<b>-157 796 909</b>	<b>-157 796 909</b>
<b>34.1 Changes to Statement of Financial Performance</b>			
<b>Balance reported after change in accounting policy</b>	23.92	<b>-21 250 853</b>	<b>-</b>
Property, Plant and Equipment incorrectly transferred to Statement on Financial Performance	34.03	2 154 277	-
Recalculation of depreciation of assets not previously recognised - transferred from Statement of Financial Performance	34.04	4 269 154	-
Recognition of Interest Cost on Non-current Provisions for 2009/2010	34.02	74 317	-
Adjusting the finance lease liability for the year	34.06	(753 231)	-
<b>Total</b>		<b>-15 506 337</b>	<b>-</b>

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2011 R	2010 R
<b>35</b>	<b>RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS</b>		
	Surplus/(Deficit) for the year	11 244 540	15 506 337
	<b>Adjustments for:</b>		
	Depreciation	10 375 709	9 719 800
	Amortisation of Intangible Assets	52 232	49 037
	Write off of finance lease asset	37 145	-
	Impairments	-	7 842
	Contribution from/to employee benefits - benefits paid	(316 983)	(286 954)
	Contribution from/to employee benefits - non-current - expenditure incurred	994 053	938 039
	Contribution from/to employee benefits - non-current - actuarial gains	2 377 213	(354 797)
	Contribution to employee benefits – current	(26 640)	(664 638)
	Contribution to employee benefits – current - expenditure incurred	(535 498)	-
	Contribution to provisions – Debt Impairment	7 384 522	1 571 527
	Impairment written off	-	(2 085)
	Operating lease income accrued	(49 880)	(5 703)
	Correction of prior year interest	-	(337)
	Operating Surplus/(Deficit) before changes in working capital	31 536 413	26 478 068
	Changes in working capital	(7 353 660)	(1 907 466)
	Increase/(Decrease) in Trade and Other Payables	(1 016 612)	2 557 162
	Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	3 070 048	3 082 944
	Increase/(Decrease) in Taxes	(9 847)	271 816
	(Increase)/Decrease in Inventory	(99 949)	-
	(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	(19 233)	(1 315 004)
	(Increase)/Decrease in Trade Receivables from exchange transactions	(8 518 181)	(5 665 320)
	(Increase)/Decrease in Other Receivables from non-exchange transactions	(759 886)	(839 064)
	<b>Cash generated/(absorbed) by operations</b>	<b>24 182 754</b>	<b>24 570 602</b>
		<b>2011 R</b>	<b>2010 R</b>
<b>36</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Call Investments Deposits	21 1 634 713	115 938
	Cash Floats	21 700	700
	Bank	21 11 528 649	6 496 416
	Bank overdraft	21 -	-
	<b>Total cash and cash equivalents</b>	<b>13 164 063</b>	<b>6 613 054</b>
<b>37</b>	<b>RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>		
	Cash and Cash Equivalents	36 13 164 063	6 613 054
	Less:	13 164 063	6 613 054
	Unspent Committed Conditional Grants	9 9 949 920	6 879 872
	<b>Resources available for working capital requirements</b>	<b>3 214 142</b>	<b>(266 818)</b>
<b>38</b>	<b>UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		
	Long-term Liabilities	2 2 994 654	2 531 325
	Used to finance property, plant and equipment - at cost	-2 759 584	-
	Cash set aside for the repayment of long-term liabilities	235 070	2 531 325
	<b>Cash invested for repayment of long-term liabilities</b>	<b>-</b>	<b>-</b>

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. The Annuity Loans carry interest of 10.05%-16.05% and will be repaid by 2015

**SIYANCUMA MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**39 BUDGET COMPARISONS**

	2011 R (Actual)	2011 R (Budget)	2011 R (Variance)	2011 (%)
<b>39.1 Operational</b>				
<b>Revenue by source</b>				
Property Rates	5 734 430	5 571 356	163 074	3%
Government Grants and Subsidies - Capital	17 028 912	-	17 028 912	100%
Government Grants and Subsidies - Operating	27 306 853	(25 818 000)	53 124 853	-206%
Actuarial (Losses) / Gains	(2 377 213)	-	(2 377 213)	100%
Fines	60 978	35 000	25 978	74%
Service Charges	31 646 325	(4 723 471)	36 369 796	-770%
Rental of Facilities and Equipment	340 038	301 863	38 175	13%
Interest Earned - external investments	679 786	200 000	479 786	240%
Interest Earned - outstanding debtors	389 874	261 600	128 274	49%
Licences and Permits	4 771	4 800	(29)	-1%
Agency Services	616 236	610 000	6 236	1%
Other Revenue	1 845 832	331 189	1 514 643	457%
	<b>83 276 822</b>	<b>(23 225 663)</b>	<b>106 502 485</b>	<b>-459%</b>
<b>Expenditure by nature</b>				
Employee Related Costs	(20 812 589)	(22 305 601)	1 493 012	-7%
Remuneration of Councillors	(1 933 217)	(1 604 856)	(328 361)	20%
Debt Impairment	(7 384 522)	(7 590 000)	205 478	-3%
Depreciation and Amortisation	(10 427 941)	-	(10 427 941)	100%
Repairs and Maintenance	(2 083 041)	(2 180 161)	97 120	-4%
Finance Charges	(1 762 328)	(2 096 422)	334 094	-16%
Bulk Purchases	(14 651 746)	(10 859 774)	(3 791 972)	35%
Operating Grant Expenditure	(2 027 033)	(70 000)	(1 957 033)	2796%
General Expenses	(10 784 402)	(9 152 929)	(1 631 473)	18%
	<b>(72 032 282)</b>	<b>(55 859 743)</b>	<b>(16 172 539)</b>	<b>29%</b>
<b>Net Surplus for the year</b>	<b>11 244 540</b>	<b>(79 085 406)</b>	<b>90 329 946</b>	<b>-114%</b>

**Details of material variances**

Remuneration of Councillors overspend due to back pay.  
 Depreciation and Amortisation overspend due to the Directive 4 impact.  
 Bulk purchases overspend due to Eskom tariff changes.  
 Operating Grant Expenditure overspend due to roll overs from the previous year.  
 General Expenses overspend due to the provision of Audit fee not budgeted for.

	2011 R (Actual)	2011 R (Budget)	2011 R (Variance)	2011 (%)
<b>39.2 Expenditure by Vote</b>				
Aid Allowances	-185 007	-550 000	364 993	-66%
Cemetery	-128 982	-153 650	24 668	-16%
Civic Centre	-10 804 001	-651 950	(10 152 051)	1557%
Cleansing	-3 189 387	-3 166 262	(23 125)	1%
Council General	-20 801 204	-18 994 906	(1 806 298)	10%
Douglas Holiday Resort	-1 066 579	-1 643 000	576 421	-35%
Electricity	-16 546 979	-20 511 700	3 964 721	-19%
Finance	-7 870 772	-4 561 900	(3 308 872)	73%
Fire Brigade	-31 488	-87 300	55 812	-64%
Health Services	-140 106	-382 200	242 094	-63%
Library's	-747 893	-784 650	36 757	-5%
Commonage	-236	-58 000	57 764	-100%
Municipal Manager	-1 862 455	-3 144 485	1 282 030	-41%
Parks & Recreation	-1 000 611	-1 092 950	92 339	-8%
Properties	-193 591	-501 340	307 749	-61%
Public Works: Roads	-3 512 325	-4 443 800	931 475	-21%
Sanitation	-714 133	-1 306 350	592 217	-45%
Sewerage & Sanitation	-2 419 333	-2 934 300	514 967	-18%
Storm water Drainage	-160 013	-190 340	30 327	-16%
Vehicle Licenses	-275 586	-306 200	30 614	-10%
Water	-2 727 643	-3 256 854	529 211	-16%
	<b>-72 032 282</b>	<b>-68 722 137</b>	<b>(3 310 145)</b>	<b>5%</b>

**Details of material variances**

Civic Centre overspend due to depreciation.  
 Council general overspend due to finance lease recognition.  
 Finance overspend due to provision for audit fee.

**SIYANCUMA MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	2011 R (Actual)	2011 R (Budget)	2011 R (Variance)	2011 (%)
<b>39 BUDGET COMPARISONS (CONTINUE)</b>				
<b>39.3 Capital expenditure by vote</b>				
Council general	-2 776 456	-	(2 776 456)	100%
Douglas holiday resort	-7 018	-	(7 018)	100%
Electricity	-555 416	-1 733 000	1 177 584	-68%
Finance	-162 784	-	(162 784)	100%
Library's	-25 522	-401 000	375 478	-94%
Municipal manager	-172 744	-	(172 744)	100%
Public works: roads	-5 356 468	-	(5 356 468)	100%
Sewerage and sanitation	-1 519 596	-750 000	(769 596)	103%
Vehicle licenses	-482	-	(482)	100%
Water	-7 461 457	-14 300 000	6 838 543	-48%
	<b>-18 037 943</b>	<b>-17 184 000</b>	<b>(853 943)</b>	<b>5%</b>

**Details of material variances**

Capital project roll-overs of previous years not Budgeted for. Finance lease not budgeted for. Assets include server and tractor which was not budgeted for.

	2011 R	2010 R
<b>40 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>		
<b>40.1 Unauthorised expenditure</b>		
Reconciliation of unauthorised expenditure:		
Opening balance	21 852 680	-
Unauthorised expenditure current year - capital	9 245 548	15 710 576
Unauthorised expenditure current year - operating	15 290 346	6 142 104
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	<b>46 388 574</b>	<b>21 852 680</b>

Incident	Disciplinary steps/criminal proceedings
Over expenditure on votes	None

**40.2 Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure:		
Opening balance	176 089	110 880
Fruitless and wasteful expenditure current year	72 544	65 209
Condoned or written off by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
Fruitless and wasteful expenditure awaiting condonement	<b>248 633</b>	<b>176 089</b>

Incident	Disciplinary steps/criminal proceedings
2009 & 2010 - Lease of clock machine	None
2011 - Transport costs paid in excess of policy - R69 126	None
2011 - Interest on late payments - R1 818	None
2011 - Traffic fines - R1 600	None

**40.3 Irregular expenditure**

Reconciliation of irregular expenditure:		
Opening balance	1 874 681	1 777 344
Irregular expenditure current year	2 446 026	97 337
Condoned or written off by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting condonement	<b>4 320 707</b>	<b>1 874 681</b>

Incident	Disciplinary steps/criminal proceedings
2009 - Uluntu Project - The Valuation Roll not properly compiled and cannot be implemented - R399 742	None
2009 - Campbell Toilet Group - No tender and no contract and terms of reference - R204 800	None
2009 - Herman Van Heerden Attorneys - No tender and no contract and terms of reference - R71 394	None
2009 - MicroMega - No tender and no contract and terms of reference - R86 907	None
2009 - Employment - R836 823	None
2009 - Remuneration of council not paid according to requirements of the Government Gazette - R177 678	None
2010 - E Sebolao was over paid for leave by R1 645.83 or 8 days	None
2010 - Remuneration of council not paid according to requirements of the Government Gazette - R95 691	None
2011 - Supply chain procedures not adhered to - R2 446 026.49	None

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

40	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED	2011	2010
		R	R
40.4	<b>Material Losses</b>		
	<b>Electricity distribution losses</b>		
	Units purchased (Kwh)	27 680 359	28 114 903
	- Units lost during distribution (Kwh)	11 281 375	6 432 254
	- Percentage lost during distribution	40.76%	22.88%
	<b>Water distribution losses</b>		
	- Mega litres purified	1 460 400	3 062 579
	- Mega litres lost during distribution	-332 730	1 220 826
	- Percentage lost during distribution	-22.78%	39.86%
	No comparative amounts for 2009 available.	-	-
41	<b>ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>	2011	2010
		R	R
41.1	<b>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</b>		
	Opening balance	-	123 607
	Council subscriptions	101 242	101 243
	Amount paid - current year	(101 242)	(101 243)
	Amount paid - previous years	-	(123 607)
	<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
41.2	<b>Audit fees - [MFMA 125 (1)(b)]</b>		
	Opening balance	1 993 952	1 602 045
	Current year audit fee	1 592 940	1 296 907
	Amount paid - current year	-	-
	Amount paid - previous year	(1 100 000)	(900 000)
	<b>Balance unpaid (included in creditors)</b>	<b>2 486 892</b>	<b>1 998 952</b>
41.3	<b>VAT - [MFMA 125 (1)(b)]</b>		
	VAT	(2 737 105)	(2 746 952)
	VAT is payable/receivable on the cash basis.		
41.4	<b>PAYE, SDL and UIF - [MFMA 125 (1)(b)]</b>	2011	2010
		R	R
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	2 440 290	2 295 035
	Amount paid - current year	-2 440 290	-2 295 035
	<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
41.5	<b>Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]</b>		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	4 729 108	4 420 952
	Amount paid - current year	-4 729 108	-4 420 952
	Amount paid - previous year	-	-
	<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
41.6	<b>Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]</b>		
	The following Councillors had arrear accounts for more than 90 days as at 30 JUNE 2011:		
		2011	2010
		R	R
		Outstanding more than 90 days	Outstanding more than 90 days
	K. Mgade (Old councillor term ended 31 May 2011)	8 782	6 586
	A. Olifant	12 361	-
	<b>Total Councillor Arrear Consumer Accounts</b>	<b>21 143</b>	<b>6 586</b>
41.7	<b>Non-Compliance with MFMA</b>		
	* Section 167 of the MFMA: Council Remuneration - Non Compliance with Government Notice No. R.1225 dated 21 December 2009		
	* Section 65(2)(e) of the MFMA: Creditors were not paid within the 30 day limit.		

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
<b>42 CAPITAL COMMITMENTS</b>		
<b>Commitments in respect of capital expenditure:</b>		
Approved and contracted for:	12 239 467	39 946 651
Infrastructure	12 239 467	39 946 651
<b>Total</b>	<b>12 239 467</b>	<b>39 946 651</b>
This expenditure will be financed from:		
Government Grants	12 239 467	39 946 651
	<b>12 239 467</b>	<b>39 946 651</b>

**43 FINANCIAL RISK MANAGEMENT**

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

**(a) Foreign Exchange Currency Risk**

The municipality does not engage in foreign currency transactions.

**(b) Price risk**

The municipality is not exposed to price risk.

**(c) Interest Rate Risk**

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

	2011 R	2010 R
0.5% (2010 - 0.5%) Increase in interest rates	50 844	20 405
0.5% (2010 - 0.5%) Decrease in interest rates	(50 844)	(20 405)

**(d) Credit Risk**

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 17 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 17 for balances included in receivables that were re-negotiated for the period under review.

**SIYANCUMA MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**43 FINANCIAL RISK MANAGEMENT (CONTINUE)**

			2011 R	2010 R
Balances past due not impaired:				
	2011 %	2011 R	2010 %	2010 R
<u>Non-Exchange Receivables</u>				
Rates	100.00%	2 888 086	100.00%	2 274 188
<u>Exchange Receivables</u>				
Electricity	38%	1 502 164	35.28%	1 309 181.82
Water	34%	1 370 847	29.60%	1 098 270
Refuse	0%	14 488	0.24%	8 990
Sewerage	2%	63 973	1.32%	48 877
Other	26%	1 023 940	33.56%	1 245 285
	100.00%	3 975 413	100.00%	3 710 603

No trade and other receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 17 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2011 %	2011 R	2010 %	2010 R
Electricity	1.79%	590 201	1.98%	503 776
Water	49.97%	16 429 414	49.32%	12 573 445
Refuse	16.86%	5 545 207	16.78%	4 279 106
Sewerage	24.47%	8 045 819	24.09%	6 141 721
Other Consumer Arrears	2.63%	863 155	3.36%	856 176
Rates	4.28%	1 406 718	4.48%	1 141 768
	100.00%	32 880 513	100.00%	25 495 992

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

Financial assets exposed to credit risk at year end are as follows:

Long term receivables	-	16 047
Trade receivables and other receivables	9 722 234	7 828 689
Cash and Cash Equivalents	13 164 063	6 613 054
Unpaid conditional grants and subsidies	3 717 415	3 698 182
	26 603 712	18 155 971

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

43	FINANCIAL RISK MANAGEMENT (CONTINUE)	2011 R	2010 R
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## (e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an on-going review of future commitments and credit

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
<b>2011</b>				
Long Term liabilities	720 000	2 400 001	-	-
Capital repayments	471 274	2 001 606	-	-
Interest	248 726	398 395	-	-
Trade and Other Payables	3 625 492	-	-	-
Provisions	1 631 158	-	-	-
Unspent conditional government grants and receipts	6 232 505	-	-	-
	<u>10 577 997</u>	<u>2 400 001</u>	<u>-</u>	<u>-</u>
<b>2010</b>				
Long Term liabilities	2 096 568	666 941	-	-
Capital repayments	1 534 595	521 772	-	-
Interest	561 972	145 169	-	-
Trade and Other Payables	4 642 104	-	-	-
Non-Current Provisions	1 532 688	-	-	-
Unspent conditional government grants and receipts	3 181 690	-	-	-
	<u>11 453 049</u>	<u>666 941</u>	<u>-</u>	<u>-</u>



SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2011 R	2010 R
44	<b>FINANCIAL INSTRUMENTS</b>		
	In accordance with IAS 39.09 the financial instruments of the municipality are classified as follows:		
	The fair value of financial instruments approximates the amortised costs as reflected below.		
44.1	<b>Financial Assets</b>		
	<b>Classification IAS 39</b>		
	<b>Long-term Receivables</b>		
	Trade and other receivables with arrangements	-	16 047
	<b>Consumer Debtors</b>		
	Trade receivables from exchange transactions	35 501 623	27 296 531
	Other receivables from exchange transactions	2 653 830	2 340 742
	Other receivables from non-exchange transactions	4 447 294	3 687 408
	<b>Other Debtors</b>		
	Government Subsidies and Grants	3 717 415	3 698 182
	<b>Current Portion of Long-term Receivables</b>		
	Trade and other receivables with arrangements	22 971	6 924
	<b>Short-term Investment Deposits</b>		
	Call Deposits	1 634 713	115 938
	<b>Bank Balances and Cash</b>		
	Bank Balances	11 528 649	6 496 416
	Cash Floats and Advances	700	700
		<b>59 507 196</b>	<b>43 658 887</b>
	<b>SUMMARY OF FINANCIAL ASSETS</b>		
	Financial instruments at amortised cost	<b>59 507 196</b>	<b>43 658 887</b>
44.2	<b>Financial Liability</b>		
	<b>Classification IAS 39</b>		
	<b>Long-term Liabilities</b>		
	Annuity Loans	356 347	521 773
	Capitalised Lease Liability	2 001 607	-
	<b>Trade Payables</b>		
	Trade creditors	3 342 845	4 512 904
	Retentions	-	-
	Deposits	-	-
	<b>Unspent Conditional Grants and Receipts</b>		
	Other Spheres of Government	9 949 920	6 879 872
	<b>Current Portion of Long-term Liabilities</b>		
	Annuity Loans	165 426	150 124
	<b>Bank Balances and Cash</b>		
	Bank Balances	-	-
		<b>16 287 419</b>	<b>13 924 101</b>
	<b>SUMMARY OF FINANCIAL LIABILITY</b>		
	Financial instruments at amortised cost	<b>16 287 419</b>	<b>13 924 101</b>

**SIYANCUMA MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

45	EVENTS AFTER THE REPORTING DATE			2011 R	2010 R
	The municipality has no events after reporting date during the financial year ended 2010/2011.				
46	IN-KIND DONATIONS AND ASSISTANCE				
	The municipality did not receive any in-kind donations or assistance during the year under review.				
47	PRIVATE PUBLIC PARTNERSHIPS				
	Council has not entered into any private public partnerships during the financial year.				
48	CONTINGENT LIABILITY				
	Siyancuma Municipality is ordered by SALGBC to pay the applicants for the unfair suspension of specific staff members on 4 October 2010. Siyancuma has appealed the case. This is due to the case of alleged theft at the vehicle registration office			169 022	
	Siyancuma Municipality is fined R10 000 by SALGBC.			10 000	
	Siyancuma Municipality has a possible liability with regards to the landfill site licence which is outstanding, the amount of the liability is unknown.				
49	RELATED PARTIES				
	Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.				
49.1	Related Party Transactions				
		Rates - Levied 1 Jul 10 - 30 Jun 11	Service Charges - Levied 1 Jul 10 - 30 Jun 11	Other - Levied 1 Jul 10 - 30 Jun 11	Outstand- ing Balances June 2011
	Year ended 30 JUNE 2011				
	Councillors June 2010 - May 2011	517	8 386	4	23 112
	R. Gallant 1B0877/101293	455	2 200	-	-
	K. Mgade 3C0132/300132	-	2 151	-	9 147
	R. Ruele 130358/103702	62	3 468	-	-
	Councillors June 2011				
	D. Koopman 100986/102213	-	231	4	235
	A. Oliphant 3C0139/300139	-	104	-	1 597
	A. Oliphant 3C0500/300500	-	232	-	12 133
	Municipal Manager and Section 57 Employees	9 164	33 879	75	1 789
	C.J.D. Groenewald 10255/101387	5 372	18 082	75	1 789
	S. Pienaar 100971/106487	3 793	15 797	-	-
	The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.				
49.2	Related Party Loans				
	Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 15 to the Annual Financial Statements.				
49.3	Compensation of key management personnel				
	The compensation of key management personnel is set out in note 26 to the Annual Financial Statements.				
49.4	Other related party transactions			2011 R	2010 R
	The following purchases were made during the year where Councillors or Management have an interest:				
	none				

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2011	2010
		R	R
<b>50 TRANSITIONAL PROVISION TAKEN ACCORDING TO THOSE IN DIRECTIVE 4 - TRANSITIONAL PROVISIONS FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES</b>			
<b>50.1 GRAP 19 - Provisions, contingent liabilities and contingent Assets</b>			
The municipality did not measure the rehabilitation costs of the refuse sites in the past in terms of Directive 4, issued by the Accounting Standards Board. Since the previous reporting period the municipality recognised the following non-current provisions:	4		
Refuse tip-sites financed by way of a provision		98 470	1 532 688
<b>50.2 GRAP 100 - Non-current assets and discontinued operations</b>			
The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise non-current assets held for sale and discontinued operations relating to Inventories, Investment Properties, Property, Plant and Equipment, Agriculture and Intangible Assets which are not recognised in terms of the transitional provisions relating to those standards.			
<b>50.3 GRAP 16 - Investment Properties</b>			
The municipality did not measure Investment Property in the past in terms of Directive 4, issued by the Accounting Standards Board. Since the previous reporting period the municipality recognised the following investment properties and restated retrospectively:	12		
Investment property			9 982 000
<b>50.4 GRAP 101 - Agriculture</b>			
The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. Since the previous reporting period the municipality recognised the following biological assets and/or agricultural and restated retrospectively:	14		
		Quantity (Units)	Fair Value R
Springbuck		331	1 200
Blesbuck		75	900
Ostrich		2	1 500
			467 700
<b>50.5 GRAP 12 - Inventories</b>			
The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. Since the previous reporting period the municipality recognised the following inventories:	16		
Water		99 776	
Maintenance Materials - At cost		173	
		99 949	
<b>50.6 GRAP 13 - Leases</b>			
The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. Since the previous reporting period the municipality did recognise the following leases and restated retrospectively:	2		
* Finance Leases			1 859 428
<b>50.7 GRAP 17 - Property, Plant and Equipment</b>			
The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. Since the previous reporting period the municipality did recognise the following Property, Plant & Equipment and restated retrospectively:	11		
Land;		-	20 996 061
Refuse tip-sites financed by way of a provision;		-	1 458 371
Vehicles and Equipment financed by way of finance leases;		-	64 000
Changes to other assets		-	146 628 679
Changes to accumulated depreciation as a result of the componentising of infrastructure assets		-	(8 110 092)
Total not previously recognised now restated retrospectively		-	161 037 019

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

11 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

	Opening Balance R	Cost Additions R	Disposals R	Closing Balance R	Opening Balance R	Accumulated Depreciation Additions R	Disposals R	Closing Balance R	Carrying Value R
<b>30 JUNE 2011</b>									
<b>Land and Buildings</b>	31 919 600	-	-	31 919 600	299 555	99 760	-	399 315	31 520 285
Land	21 943 600	-	-	21 943 600	-	-	-	-	21 943 600
Buildings	9 976 000	-	-	9 976 000	299 555	99 760	-	399 315	9 576 685
<b>Infrastructure</b>	237 732 478	14 879 281	-	252 611 760	24 729 558	8 743 977	-	33 473 534	219 138 225
Road Network	52 877 492	5 355 152	-	58 232 645	5 273 724	2 061 283	-	7 335 006	50 897 638
Sanitation Network	60 889 911	1 507 256	-	62 397 167	6 061 701	2 131 816	-	8 193 517	54 203 650
Electricity Network	44 857 236	555 416	-	45 412 652	5 329 106	1 779 060	-	7 108 166	38 304 486
Water Network	74 104 320	7 461 457	-	81 565 777	7 509 218	2 586 717	-	10 095 935	71 469 842
Stormwater Network	5 003 520	-	-	5 003 520	555 810	185 101	-	740 910	4 262 609
<b>Community Assets</b>	24 833 871	-	-	24 833 871	1 118 815	848 567	-	1 967 382	22 866 489
Libraries	244 500	-	-	244 500	7 346	2 523	-	9 869	234 631
Cemetery	176 000	-	-	176 000	5 285	1 760	-	7 045	168 955
Commonage	5 374 000	-	-	5 374 000	-	-	-	-	5 374 000
Community Halls	1 234 000	-	-	1 234 000	37 054	12 340	-	49 394	1 184 606
Game Farm	8 171 000	-	-	8 171 000	-	-	-	-	8 171 000
Holiday Resort	6 940 000	-	-	6 940 000	208 390	69 400	-	277 790	6 662 210
Sport Facilities	1 236 000	-	-	1 236 000	123 713	41 200	-	164 913	1 071 087
Land fill sites	1 458 371	-	-	1 458 371	737 027	721 344	-	1 458 371	-
<b>Heritage Assets</b>	9 000	-	-	9 000	-	-	-	-	9 000
Historical Buildings	9 000	-	-	9 000	-	-	-	-	9 000
<b>Lease Assets</b>	64 000	2 759 584	-64 000	2 759 584	24 146	189 454	-26 855	186 744	2 572 840
Office Equipment	64 000	2 759 584	-64 000	2 759 584	24 146	189 454	-26 855	186 744	2 572 840
<b>Other Assets</b>	3 478 665	399 077	-	3 877 743	1 424 247	493 951	-	1 918 198	1 959 545
Air Conditioner	380 000	41 867	-	421 867	156 183	54 996	-	211 179	210 688
Chairs	157 853	-	-	157 853	54 345	18 853	-	73 198	84 655
Electronic Equipment	100 500	13 322	-	113 822	40 303	14 060	-	54 363	59 459
Motor vehicles	35 000	-	-	35 000	17 516	5 833	-	23 349	11 651
Furniture & Fittings	462 350	33 097	-	495 447	136 707	46 703	-	183 410	312 037
Office Equipment	17 250	-	-	17 250	8 958	2 983	-	11 941	5 309
Trailer	205 000	1 316	-	206 316	91 458	30 460	-	121 919	84 397
Tables and desks	159 900	-	-	159 900	51 442	17 132	-	68 573	91 327
Tractors	142 000	145 000	-	287 000	63 641	25 366	-	89 007	197 993
Trucks	1 289 523	-	-	1 289 523	581 538	193 669	-	775 207	514 316
Works Equipment	95 100	12 340	-	107 440	37 242	13 207	-	50 449	56 991
Computer hardware	434 190	152 136	-	586 326	184 914	70 690	-	255 603	330 722
	298 037 615	18 037 943	-64 000	316 011 558	27 596 320	10 375 709	-26 855	37 945 173	278 066 385

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

11 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

		Cost				Accumulated Depreciation				Carrying Value
		Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
		R	R	R	R	R	R	R	R	R
<b>30 JUNE 2010</b>										
<b>Land and Buildings</b>		31 919 600	-	-	31 919 600	199 795	99 760	-	299 555	31 620 045
Land		21 943 600	-	-	21 943 600	-	-	-	-	21 943 600
Balance previously reported		947 539	-	-	947 539	-	-	-	-	947 539
Correction of error - Note	34.03	20 996 061	-	-	20 996 061	-	-	-	-	20 996 061
Buildings		9 976 000	-	-	9 976 000	199 795	99 760	-	299 555	9 676 445
Balance previously reported		8 893 577	-	-	8 893 577	702 176	264 266	-	966 442	7 927 135
Correction of error - Note	34.03	1 082 423	-	-	1 082 423	-502 381	-164 506	-	-666 887	1 749 310
<b>Infrastructure</b>		223 111 223	14 621 256	-	237 732 478	16 449 251	8 280 307	-	24 729 558	213 002 921
Public Works		-	-	-	-	-	-	-	-	-
Balance previously reported		8 026 613	5 186 838	-	13 213 451	582 835	354 494	-	937 329	12 276 122
Correction of error - Note	34.03	-8 026 613	-5 186 838	-	-13 213 451	-582 835	-354 494	-	-937 329	-12 276 122
Road Network		47 972 713	4 904 779	-	52 877 492	3 514 382	1 759 341	-	5 273 724	47 603 769
Balance previously reported		5 168 075	103 828	-	5 271 903	362 123	228 876	-	590 999	4 680 904
Correction of error - Note	34.03	42 804 638	4 800 951	-	47 605 589	3 152 259	1 530 465	-	4 682 725	42 922 865
Sanitation Network		53 159 566	7 730 345	-	60 889 911	4 005 459	2 056 242	-	6 061 701	54 828 210
Balance previously reported		36 949 846	8 774 482	-	45 724 328	3 086 568	1 612 610	-	4 699 178	41 025 150
Correction of error - Note	34.03	16 209 720	-1 044 137	-	15 165 583	918 891	443 632	-	1 362 523	13 803 060
Electricity Network		43 613 483	1 243 753	-	44 857 236	3 550 272	1 778 834	-	5 329 106	39 528 130
Balance previously reported		10 666 622	1 243 753	-	11 910 375	1 198 979	450 900	-	1 649 879	10 260 496
Correction of error - Note	34.03	32 946 861	0	-	32 946 861	2 351 293	1 327 934	-	3 679 227	29 267 634
Refuse Network		-	-	-	-	-	-	-	-	-
Balance previously reported		102 000	-	-	102 000	8 882	4 435	-	13 317	88 683
Correction of error - Note	34.03	-102 000	-	-	-102 000	-8 882	-4 435	-	-13 317	-88 683
Water Network		73 361 941	742 379	-	74 104 320	5 008 428	2 500 789	-	7 509 218	66 595 102
Balance previously reported		11 135 982	109 372	-	11 245 354	1 465 025	460 593	-	1 925 618	9 319 736
Correction of error - Note	34.03	62 225 959	633 007	-	62 858 966	3 543 403	2 040 196	-	5 583 600	57 275 366
Stormwater Network		5 003 520	-	-	5 003 520	370 709	185 101	-	555 810	4 447 710
Balance previously reported		-	-	-	-	-	-	-	-	-
Correction of error - Note	34.03	5 003 520	-	-	5 003 520	370 709	185 101	-	555 810	4 447 710

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

11 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

		Cost				Accumulated Depreciation				Carrying Value
		Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
		R	R	R	R	R	R	R	R	R
<b>Community Assets</b>		24 830 371	3 500	-	24 833 871	254 568	864 247	-	1 118 815	23 715 056
Parks & Gardens		-	-	-	-	-	-	-	-	-
Balance previously reported		1 653 970	-	-	1 653 970	139 516	48 858	-	188 374	1 465 596
Correction of error - Note	34.03	-1 653 970	-	-	-1 653 970	-139 516	-48 858	-	-188 374	-1 465 596
Libraries		241 000	3 500	-	244 500	4 827	2 520	-	7 346	237 154
Balance previously reported		1 246 708	3 500	-	1 250 208	74 423	38 893	-	113 316	1 136 892
Correction of error - Note	34.03	-1 005 708	-	-	-1 005 708	-69 596	-36 373	-	-105 970	-899 738
Cemetery		176 000	-	-	176 000	3 525	1 760	-	5 285	170 715
Balance previously reported		48 005	-	-	48 005	12 582	1 143	-	13 725	34 280
Correction of error - Note	34.03	127 995	-	-	127 995	-9 057	617	-	-8 440	136 435
Commonage		5 374 000	-	-	5 374 000	-	-	-	-	5 374 000
Balance previously reported		4 428 000	-	-	4 428 000	268 731	134 182	-	402 913	4 025 087
Correction of error - Note	34.03	946 000	-	-	946 000	-268 731	-134 182	-	-402 913	1 348 913
Community Halls		1 234 000	-	-	1 234 000	24 714	12 340	-	37 054	1 196 946
Balance previously reported		6 287 069	-	-	6 287 069	434 260	201 877	-	636 137	5 650 932
Correction of error - Note	34.03	-5 053 069	-	-	-5 053 069	-409 546	-189 537	-	-599 083	-4 453 986
Game Farm		8 171 000	-	-	8 171 000	-	-	-	-	8 171 000
Balance previously reported		1 000 000	-	-	1 000 000	60 689	30 303	-	90 992	909 008
Correction of error - Note	34.03	7 171 000	-	-	7 171 000	-60 689	-30 303	-	-90 992	7 261 992
Holiday Resort		6 940 000	-	-	6 940 000	138 990	69 400	-	208 390	6 731 610
Balance previously reported		1 492 960	-	-	1 492 960	90 606	45 241	-	135 847	1 357 113
Correction of error - Note	34.03	5 447 040	-	-	5 447 040	48 384	24 159	-	72 543	5 374 497
Sport Facilities		1 236 000	-	-	1 236 000	82 513	41 200	-	123 713	1 112 287
Balance previously reported		2 414 128	-	-	2 414 128	159 305	72 743	-	232 048	2 182 080
Correction of error - Note	34.03	-1 178 128	-	-	-1 178 128	-76 792	-31 543	-	-108 335	-1 069 793

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

11 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

		Cost			Accumulated Depreciation				Carrying Value	
		Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R	R
Land fill sites		1 458 371	-	-	1 458 371	-	737 027	-	737 027	721 344
Balance previously reported		-	-	-	-	-	-	-	-	-
Correction of error - Note	34.03	1 458 371	-	-	1 458 371	-	737 027	-	737 027	721 344
<b>Heritage Assets</b>		9 000	-	-	9 000	-	-	-	-	9 000
Historical Buildings		9 000	-	-	9 000	-	-	-	-	9 000
Balance previously reported		-	-	-	-	-	-	-	-	-
Correction of error - Note	34.03	9 000	-	-	9 000	-	-	-	-	9 000
<b>Lease Assets</b>		64 000	-	-	64 000	16 104	8 041	-	24 146	39 854
Office Equipment		64 000	-	-	64 000	16 104	8 041	-	24 146	39 854
Balance previously reported		-	-	-	-	-	-	-	-	-
Correction of error - Note	34.03	64 000	-	-	64 000	16 104	8 041	-	24 146	39 854
<b>Housing Rental Stock</b>		-	-	-	-	-	-	-	-	-
Housing Network		-	-	-	-	-	-	-	-	-
Balance previously reported		20 271 789	1 357 259	-	21 629 048	352 270	948 549	-	1 300 819	20 328 229
Correction of error - Note	34.03	-20 271 789	-1 357 259	-	-21 629 048	-352 270	-948 549	-	-1 300 819	-20 328 229
<b>Other Assets</b>		3 467 613	11 053	-	3 478 665	948 958	475 289	-	1 424 247	2 054 419
Air Conditioner		380 000	-	-	380 000	104 169	52 013	-	156 183	223 817
Balance previously reported		380 000	-	-	380 000	132 541	66 180	-	198 721	181 279
Correction of error - Note	34.03	-	-	-	-	-28 372	-14 167	-	-42 538	42 538
Chairs		146 800	11 053	-	157 853	35 707	18 638	-	54 345	103 508
Balance previously reported		146 800	11 053	-	157 853	36 859	19 213	-	56 072	101 781
Correction of error - Note	34.03	-	-0	-	-0	-1 152	-575	-	-1 727	1 727
Electronic Equipment		100 500	-	-	100 500	26 881	13 422	-	40 303	60 197
Balance previously reported		160 500	-	-	160 500	45 129	22 533	-	67 662	92 838
Correction of error - Note	34.03	-60 000	-	-	-60 000	-18 248	-9 111	-	-27 359	-32 641
Motor vehicles		35 000	-	-	35 000	11 683	5 833	-	17 516	17 484
Balance previously reported		35 000	-	-	35 000	17 524	8 750	-	26 274	8 726
Correction of error - Note	34.03	-	-	-	-	-5 841	-2 917	-	-8 758	8 758
Furniture & Fittings		462 350	-	-	462 350	91 180	45 527	-	136 707	325 643
Balance previously reported		462 350	-	-	462 350	91 381	45 627	-	137 008	325 342
Correction of error - Note	34.03	-	-	-	-	-201	-100	-	-301	301
Office Equipment		17 250	-	-	17 250	5 975	2 983	-	8 958	8 292
Balance previously reported		17 250	-	-	17 250	6 392	3 192	-	9 584	7 666
Correction of error - Note	34.03	-	-	-	-	-417	-209	-	-626	626
Tables and desks		159 900	-	-	159 900	34 310	17 132	-	51 442	108 458
Balance previously reported		159 900	-	-	159 900	34 561	17 257	-	51 818	108 082
Correction of error - Note	34.03	-	-	-	-	-251	-125	-	-376	376

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

11 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

		Cost			Accumulated Depreciation			Carrying Value	
		Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R
Tractors		142 000	-	-	142 000	42 447	21 194	-	63 641
Balance previously reported		142 000	-	-	142 000	55 131	27 528	-	82 659
Correction of error - Note	34.03	-	-	-	-	-12 684	-6 334	-	-19 018
Trucks		1 289 523	-	-	1 289 523	387 869	193 669	-	581 538
Balance previously reported		1 289 523	-	-	1 289 523	467 231	233 296	-	700 527
Correction of error - Note	34.03	-	-	-	-	-79 362	-39 627	-	-118 989
Works Equipment		95 100	-	-	95 100	24 839	12 403	-	37 242
Balance previously reported		67 300	-	-	67 300	22 192	11 081	-	33 273
Correction of error - Note	34.03	27 800	-	-	27 800	2 647	1 322	-	3 969
Trailer		205 000	-	-	205 000	61 000	30 458	-	91 458
Balance previously reported		205 000	-	-	205 000	69 345	34 625	-	103 970
Correction of error - Note	34.03	-	-	-	-	-8 345	-4 167	-	-12 512
Computer hardware		434 190	-	-	434 190	122 898	62 015	-	184 914
Balance previously reported		438 190	-	-	438 190	144 886	71 245	-	216 131
Correction of error - Note	34.03	-4 000	-	-	-4 000	-21 988	-9 230	-	-31 217
		283 401 806	14 635 808	-	298 037 615	17 868 676	9 727 644	-	27 596 320
									270 441 295



SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

11 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

	Opening Balance	Cost	Disposals	Closing Balance	Opening Balance	Accumulated Depreciation	Disposals	Closing Balance	Carrying Value
	R	R	R	R	R	R	R	R	R

11 PROPERTY, PLANT AND EQUIPMENT

GRAP 17 - Property, Plant and Equipment

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008.

Since the previous reporting date the following Property, Plant and Equipment were measured in accordance with GRAP 17 and restated retrospectively:

	2011	2010
Land;	-	20 996 061
Refuse tip-sites financed by way of a provision;	-	1 458 371
Vehicles and Equipment financed by way of finance leases;	-	64 000
Changes to other assets		136 646 679
Changes to accumulated depreciation as a result of the componentising of infrastructure assets	-	-7 746 535
Total not previously recognised now restated retrospectively	<u>-</u>	<u>151 418 576</u>

No assets are pledged as security.

Impairment of property plant and equipment for the year

Impairment charges on Property, plant and equipment recognised in statement of financial performance

Community Assets	-	7 842
Lease Assets	-	-
	<u>-</u>	<u>7 842</u>

Impairment on the Lease Assets was recognised due to the fact that the printers and copiers were taken back by ITEC when a new contract was entered into with Nashua. (2010 Impairment was due to the change in interest rate on the landfill site provision)

**APPENDIX A - Unaudited**  
**SIYANCUMA LOCAL MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2011**

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2010	Change in Accounting Policy	Balance at 30 JUNE 2010 Restated	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2011
<b>ANNUITY LOANS</b>									
DBSA - Loan 101 Lalf 15104 - 11	10.05%	11623	2012/12/31	97 845	-	97 845	-	(36 302)	61 543
DBSA - Loan 101 Lalf 15104 - 12	10.05%	11624	2011/12/31	13 857	-	13 857	-	(9 012)	4 845
DBSA - Loan 101 Lalf 15104 - 14	13.75%	11626	2015/06/30	406 924	-	406 924	-	(61 339)	345 585
DBSA - Loan 101 Lalf 15104 - 15	16.05%	11627	2013/06/30	153 271	-	153 271	-	(43 471)	109 800
<b>Total Annuity Loans</b>				<b>671 897</b>	<b>-</b>	<b>671 897</b>	<b>-</b>	<b>(150 124)</b>	<b>521 773</b>
<b>LEASE LIABILITY</b>									
ITEC - FTD041/0006H	11.00%		2010/12/31	-	136 050	136 050		(136 050)	-
ITEC - FTD041/0007E	8.02%		2010/12/31	-	1 497 720	1 497 720		(1 497 720)	-
ITEC - FTD041/0008B	9.75%		2010/12/31	-	107 084	107 084		(107 084)	-
ITEC - FTD041/0009A	9.75%		2010/12/31	-	118 573	118 573		(118 573)	-
Nashua - GK500568-500586	11.00%		2015/10/30	-	-	-	2 759 584	(286 703)	2 472 881
<b>Total Lease Liabilities</b>				<b>-</b>	<b>1 859 428</b>	<b>1 859 428</b>	<b>2 759 584</b>	<b>(2 146 131)</b>	<b>2 472 881</b>
<b>TOTAL EXTERNAL LOANS</b>				<b>671 897</b>	<b>1 859 428</b>	<b>2 531 325</b>	<b>2 759 584</b>	<b>(2 296 255)</b>	<b>2 994 654</b>

**APPENDIX B - Unaudited**  
**SIYANCUMA LOCAL MUNICIPALITY**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2011**

	Cost/Revaluation				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
<b>Land and Buildings</b>									
Land	21 943 600.00	-	-	21 943 600.00	-	-	-	-	21 943 600.00
Buildings	9 976 000.00	-	-	9 976 000.00	299 554.84	99 760.00	-	399 314.84	9 576 685.16
	<b>31 919 600.00</b>	<b>-</b>	<b>-</b>	<b>31 919 600.00</b>	<b>299 554.84</b>	<b>99 760.00</b>	<b>-</b>	<b>399 314.84</b>	<b>31 520 285.16</b>
<b>Infrastructure</b>									
Road Network	52 877 492.21	5 355 152.34	-	58 232 644.55	5 273 723.54	2 061 282.70	-	7 335 006.24	50 897 638.31
Sanitation Network	60 889 910.76	1 507 256.24	-	62 397 167.00	6 061 701.20	2 131 815.58	-	8 193 516.78	54 203 650.22
Electricity Network	44 857 236.08	555 416.03	-	45 412 652.11	5 329 105.80	1 779 060.22	-	7 108 166.02	38 304 486.09
Water Network	74 104 319.79	7 461 456.82	-	81 565 776.61	7 509 217.77	2 586 717.29	-	10 095 935.06	71 469 841.55
Stormwater Network	5 003 519.59	-	-	5 003 519.59	555 809.50	185 100.82	-	740 910.32	4 262 609.27
	<b>237 732 478.43</b>	<b>14 879 281.43</b>	<b>-</b>	<b>252 611 759.86</b>	<b>24 729 557.81</b>	<b>8 743 976.61</b>	<b>-</b>	<b>33 473 534.42</b>	<b>219 138 225.44</b>
<b>Community Assets</b>									
Libraries	244 500.00	-	-	244 500.00	7 346.41	2 522.90	-	9 869.31	234 630.69
Cemetery	176 000.00	-	-	176 000.00	5 284.82	1 760.00	-	7 044.82	168 955.18
Commonage	5 374 000.00	-	-	5 374 000.00	-	-	-	-	5 374 000.00
Community Halls	1 234 000.00	-	-	1 234 000.00	37 053.80	12 340.00	-	49 393.80	1 184 606.20
Game Farm	8 171 000.00	-	-	8 171 000.00	-	-	-	-	8 171 000.00
Holiday Resort	6 940 000.00	-	-	6 940 000.00	208 390.13	69 400.00	-	277 790.13	6 662 209.87
Sport Facilities	1 236 000.00	-	-	1 236 000.00	123 712.87	41 200.00	-	164 912.87	1 071 087.13
Land fill sites	1 458 370.69	-	-	1 458 370.69	737 027.00	721 343.69	-	1 458 370.69	0.00
	<b>24 833 870.69</b>	<b>-</b>	<b>-</b>	<b>24 833 870.69</b>	<b>1 118 815.03</b>	<b>848 566.59</b>	<b>-</b>	<b>1 967 381.62</b>	<b>22 866 489.07</b>
<b>Heritage Assets</b>									
Historical Buildings	9 000.00	-	-	9 000.00	-	-	-	-	9 000.00
	<b>9 000.00</b>	<b>-</b>	<b>-</b>	<b>9 000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9 000.00</b>
<b>Total carried forward</b>	<b>294 494 949.13</b>	<b>14 879 281.43</b>	<b>-</b>	<b>309 374 230.55</b>	<b>26 147 927.68</b>	<b>9 692 303.20</b>	<b>-</b>	<b>35 840 230.88</b>	<b>273 533 999.67</b>

**APPENDIX B - Unaudited**  
**SIYANCUMA LOCAL MUNICIPALITY**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2011**

	Cost				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions -	Disposals -	Closing Balance	Opening Balance	Additions -	Disposals	Closing Balance	
<b>Total brought forward</b>	<b>294 494 949.13</b>	<b>14 879 281.43</b>	<b>-</b>	<b>309 374 230.55</b>	<b>26 147 927.68</b>	<b>9 692 303.20</b>	<b>-</b>	<b>35 840 230.88</b>	<b>273 533 999.67</b>
<b>Leased Assets</b>									
Office Equipment (Lease)	64 000.00	2 759 584.38	64 000.00	2 759 584.38	24 145.63	189 454.26	26 855.45	186 744.44	2 572 839.94
	<b>64 000.00</b>	<b>2 759 584.38</b>	<b>64 000.00</b>	<b>2 759 584.38</b>	<b>24 145.63</b>	<b>189 454.26</b>	<b>26 855.45</b>	<b>186 744.44</b>	<b>2 572 839.94</b>
<b>Biological Assets</b>									
Game	467 700.00	-	-	467 700.00	-	-	-	-	467 700.00
	<b>467 700.00</b>	<b>-</b>	<b>-</b>	<b>467 700.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>467 700.00</b>
<b>Other Assets</b>									
Air Conditioner	380 000.00	41 867.22	-	421 867.22	156 182.73	54 996.02	-	211 178.75	210 688.47
Chairs	157 852.63	-	-	157 852.63	54 344.94	18 852.97	-	73 197.91	84 654.72
Electronic Equipment	100 500.00	13 321.68	-	113 821.68	40 302.85	14 059.71	-	54 362.56	59 459.12
Motor vehicles	35 000.00	-	-	35 000.00	17 515.98	5 833.34	-	23 349.32	11 650.68
Furniture & Fittings	462 350.00	33 096.61	-	495 446.61	136 707.41	46 702.65	-	183 410.06	312 036.55
Office Equipment	17 250.00	-	-	17 250.00	8 957.71	2 983.15	-	11 940.86	5 309.14
Trailer	205 000.00	1 315.79	-	206 315.79	91 458.45	30 460.10	-	121 918.55	84 397.24
Tables and desks	159 900.00	-	-	159 900.00	51 441.87	17 131.50	-	68 573.37	91 326.63
Tractors	142 000.00	145 000.00	-	287 000.00	63 641.40	25 365.66	-	89 007.06	197 992.94
Trucks	1 289 523.00	-	-	1 289 523.00	581 537.80	193 669.05	-	775 206.85	514 316.15
Works Equipment	95 100.00	12 340.00	-	107 440.00	37 241.80	13 207.14	-	50 448.94	56 991.06
Computer hardware	434 189.84	152 136.00	-	586 325.84	184 913.64	70 689.81	-	255 603.45	330 722.39
	<b>3 478 665.47</b>	<b>399 077.30</b>	<b>-</b>	<b>3 877 742.77</b>	<b>1 424 246.58</b>	<b>493 951.10</b>	<b>-</b>	<b>1 918 197.68</b>	<b>1 959 545.09</b>
<b>Total Property, Plant and Equipment</b>	<b>298 037 614.60</b>	<b>18 037 943.11</b>	<b>64 000.00</b>	<b>316 011 557.70</b>	<b>27 596 319.89</b>	<b>10 375 708.56</b>	<b>26 855.45</b>	<b>37 945 173.00</b>	<b>278 066 384.70</b>
<b>Investment Property</b>									
Land	9 982 000.00	-	-	9 982 000.00	-	-	-	-	9 982 000.00
	<b>9 982 000.00</b>	<b>-</b>	<b>-</b>	<b>9 982 000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9 982 000.00</b>
<b>Intangible Assets</b>									
Computer System	490 367.00	183 004.06	-	673 371.06	98 074.00	52 231.96	-	150 305.96	523 065.10
	<b>490 367.00</b>	<b>183 004.06</b>	<b>-</b>	<b>673 371.06</b>	<b>98 074.00</b>	<b>52 231.96</b>	<b>-</b>	<b>150 305.96</b>	<b>523 065.10</b>
<b>Total</b>	<b>308 509 981.60</b>	<b>18 220 947.17</b>	<b>64 000.00</b>	<b>326 666 928.76</b>	<b>27 694 393.89</b>	<b>10 427 940.52</b>	<b>26 855.45</b>	<b>38 095 478.96</b>	<b>288 571 449.80</b>

**APPENDIX C - Unaudited**  
**SIYANCUMA LOCAL MUNICIPALITY**  
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT**

		Cost				Accumulated Depreciation				Carrying Value
		Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Civic centre	Community & Social Services	47 000	-	-	47 000	23 521	7 833	-	31 355	15 645
Cleansing	Waste Water Management	71 000	-	-	71 000	31 237	10 403	-	41 640	29 360
Council general	Executive & Council	120 300	2 776 456	-	2 896 756	40 336	201 111	-	241 448	2 655 308
Douglas holiday resort	Sport & Recreation	325 950	7 018	5 000	327 968	128 353	42 551	2 087	168 817	159 151
Electricity	Electricity	45 227 636	555 416	5 000	45 778 052	5 479 308	1 828 667	2 087	7 305 888	38 472 164
Finance	Budget & Treasury	573 404	162 784	35 000	701 188	209 296	75 429	15 373	269 352	431 837
Health services	Health	12 500	-	-	12 500	4 579	1 525	-	6 104	6 396
Library's	Community & Social Services	220 000	25 522	10 000	235 522	77 850	28 322	3 757	102 414	133 108
Municipal manager	Corporate Services	1 820 521	172 744	3 000	1 990 264	863 460	769 691	1 092	1 632 059	358 206
Parks & recreation	Sport & Recreation	45 000	-	-	45 000	27 025	9 000	-	36 025	8 975
Properties	Corporate Services	55 347 238	-	-	55 347 238	707 678	232 466	-	940 143	54 407 095
Public works: roads	Road Transport	59 139 935	5 356 468	5 000	64 491 403	6 395 786	2 437 121	2 087	8 830 820	55 660 583
Sewerage and sanitation	Waste Water Management	60 937 911	1 519 596	-	62 457 507	6 083 578	2 139 906	-	8 223 484	54 234 023
Vehicle licenses	Public Safety	44 900	482	1 000	44 382	15 096	4 965	371	19 690	24 692
Water	Water	74 104 320	7 461 457	-	81 565 777	7 509 218	2 586 717	-	10 095 935	71 469 842
<b>TOTAL</b>		<b>298 037 615</b>	<b>18 037 943</b>	<b>64 000</b>	<b>316 011 558</b>	<b>27 596 320</b>	<b>10 375 708</b>	<b>26 855</b>	<b>37 945 173</b>	<b>278 066 385</b>

**APPENDIX C - Unaudited**  
**SIYANCUMA LOCAL MUNICIPALITY**  
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2011**  
**GENERAL FINANCE STATISTICS CLASSIFICATION**

	Cost/Revaluation				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Executive & Council	120 300	2 776 456	-	2 896 756	40 336	201 111	-	241 448	2 655 308
Budget & Treasury	573 404	162 784	35 000	701 188	209 296	75 429	15 373	269 352	431 837
Corporate Services	57 214 759	172 744	3 000	57 384 503	1 594 659	1 009 990	1 092	2 603 557	54 780 946
Planning & Development	-	-	-	-	-	-	-	-	-
Health	12 500	-	-	12 500	4 579	1 525	-	6 104	6 396
Community & Social Services	220 000	25 522	10 000	235 522	77 850	28 322	3 757	102 414	133 108
Public Safety	44 900	482	1 000	44 382	15 096	4 965	371	19 690	24 692
Sport & Recreation	370 950	7 018	5 000	372 968	155 378	51 551	2 087	204 842	168 126
Waste Management	71 000	-	-	71 000	31 237	10 403	-	41 640	29 360
Waste Water Management	60 937 911	1 519 596	-	62 457 507	6 083 578	2 139 906	-	8 223 484	54 234 023
Road Transport	59 139 935	5 356 468	5 000	64 491 403	6 395 786	2 437 121	2 087	8 830 820	55 660 583
Water	74 104 320	7 461 457	-	81 565 777	7 509 218	2 586 717	-	10 095 935	71 469 842
Electricity	45 227 636	555 416	5 000	45 778 052	5 479 308	1 828 667	2 087	7 305 888	38 472 164
	<b>298 037 615</b>	<b>18 037 943</b>	<b>64 000</b>	<b>316 011 558</b>	<b>27 596 320</b>	<b>10 375 708</b>	<b>26 855</b>	<b>37 945 173</b>	<b>278 066 385</b>

**APPENDIX D - Unaudited**  
**SIYANCUMA LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011**  
**MUNICIPAL VOTES CLASSIFICATION**

2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R		2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R
-	(68 049)	(68 049)	Aid Allowances	-	(185 007)	(185 007)
28 964	(107 973)	(79 009)	Cemetery	30 259	(128 982)	(98 723)
-	(457 338)	(457 338)	Civic Centre	-	(10 804 001)	(10 804 001)
3 196 884	(2 780 746)	416 138	Cleansing	3 825 271	(3 189 387)	635 884
40 997 777	(11 522 456)	29 475 321	Council General	43 905 515	(20 801 204)	23 104 311
198 580	(1 414 981)	(1 216 401)	Douglas Holiday Resort	112 150	(1 066 579)	(954 429)
18 092 346	(14 568 165)	3 524 181	Electricity	19 858 084	(16 546 979)	3 311 105
318 278	(5 845 381)	(5 527 103)	Finance	2 180 166	(7 870 772)	(5 690 606)
-	(4 452)	(4 452)	Fire Brigade	-	(31 488)	(31 488)
-	(179 260)	(179 260)	Health Services	-	(140 106)	(140 106)
4 285	(809 161)	(804 876)	Library's	392	(747 893)	(747 501)
658	-	658	Licenses	1 054	-	1 054
68 043	(233 463)	(165 420)	Commonage	193 142	(236)	192 906
-	(1 681 523)	(1 681 523)	Municipal Manager	-	(1 862 455)	(1 862 455)
-	(997 971)	(997 971)	Parks & Recreation	-	(1 000 611)	(1 000 611)
75 746	(2 825 791)	(2 750 045)	Properties	74 160	(193 591)	(119 431)
-	(9 047 708)	(9 047 708)	Public Works: Roads	-	(3 512 325)	(3 512 325)
-	(786 863)	(786 863)	Sanitation	-	(714 133)	(714 133)
3 831 829	(3 758 391)	73 438	Sewerage & Sanitation	4 465 307	(2 419 333)	2 045 974
-	(112 866)	(112 866)	Storm water Drainage	-	(160 013)	(160 013)
660 141	(256 877)	403 264	Vehicle Licenses	677 214	(275 586)	401 628
6 388 154	(2 201 013)	4 187 141	Water	7 954 108	(2 727 643)	5 226 465
73 861 685	(59 660 428)	14 201 257	Sub Total	83 276 822	(74 378 324)	8 898 498
-	1 305 080	1 305 080	Less Inter-Departmental Charges	-	2 346 042	2 346 042
73 861 685	(58 355 348)	15 506 337	<b>Total</b>	83 276 822	(72 032 282)	11 244 540

**APPENDIX D - Unaudited**  
**SIYANCUMA LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R		2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R
36 150 464	-11 522 456	24 628 008	Executive & Council	38 159 854	-20 801 204	17 358 650
5 165 591	-5 913 430	-747 839	Budget & Treasury	7 925 827	-8 055 779	-129 952
143 789	-5 198 115	-5 054 326	Corporate Services	267 302	-12 860 283	-12 592 981
-	-179 260	-179 260	Health	-	-140 106	-140 106
33 249	-917 134	-883 885	Community & Social Services	30 651	-876 875	-846 224
660 799	-261 329	399 470	Public Safety	678 268	-307 074	371 194
198 580	-2 412 952	-2 214 372	Sport & Recreation	112 150	-2 067 190	-1 955 040
3 196 884	-3 567 609	-370 725	Waste Management	3 825 271	-3 903 520	-78 249
3 831 829	-3 871 257	-39 428	Waste Water Management	4 465 307	-2 579 346	1 885 961
-	-9 047 708	-9 047 708	Road Transport	-	-3 512 325	-3 512 325
6 388 154	-2 201 013	4 187 141	Water	7 954 108	-2 727 647	5 226 461
18 092 346	-14 568 165	3 524 181	Electricity	19 858 084	-16 546 975	3 311 109
						-
73 861 685	-59 660 428	14 201 257	Sub Total	83 276 822	-74 378 324	8 898 498
-	1 305 080	1 305 080	Less Inter-Departmental Charges	-	2 346 042	2 346 042
73 861 685	(58 355 348)	15 506 337	<b>Total</b>	83 276 822	(72 032 282)	11 244 540



**APPENDIX E(1) - Unaudited**  
**SIYANCUMA LOCAL MUNICIPALITY**  
**REVENUE AND EXPENDITURE**  
**ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2011**  
**MUNICIPAL VOTES CLASSIFICATION**

	2011 Actual (R)	2011 Budget (R)	2011 Variance (R)	2011 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
<b>REVENUE</b>					
Property Rates	5 734 430	5 571 356	163 074	2.93%	
Government Grants and Subsidies	44 335 765	(25 818 000)	70 153 765	-271.72%	Increase in spending
Fines	60 978	35 000	25 978	74.22%	Traffic fine increase from Provincial
Actuarial Gains	(2 377 213)	-	(2 377 213)	0.00%	
Service Charges	31 646 325	(4 723 471)	36 369 796	-769.98%	
Rental of Facilities and Equipment	340 038	301 863	38 175	12.65%	
Interest Earned - External Investments	679 786	200 000	479 786	239.89%	
Interest Earned - Outstanding Debtors	389 874	261 600	128 274	49.03%	
Licences and Permits	4 771	4 800	(29)	-0.60%	
Agency Services	616 236	610 000	6 236	1.02%	
Other Revenue	1 845 832	331 189	1 514 643	457.33%	Nashua took over office printers and finance lease
<b>Total Revenue</b>	<b>83 276 822</b>	<b>(23 225 663)</b>	<b>106 502 485</b>	<b>(2)</b>	
<b>EXPENDITURE</b>					
Aid Allowances	(185 007)	(550 000)	364 993	-66.36%	Over budgeted
Cemetery	(128 982)	(153 650)	24 668	-16.05%	Over budgeted
Civic Centre	(10 804 001)	(651 950)	(10 152 051)	1557.18%	Over budgeted
Cleansing	(3 189 387)	(3 166 262)	(23 125)	0.73%	Over budgeted
Council General	(20 801 204)	(18 994 906)	(1 806 298)	9.51%	Over budgeted
Douglas Holiday Resort	(1 066 579)	(1 643 000)	576 421	-35.08%	Over budgeted
Electricity	(16 546 979)	(20 511 700)	3 964 721	-19.33%	Over budgeted
Finance	(7 870 772)	(4 561 900)	(3 308 872)	72.53%	Previous year creditor Auditor general not provided
Fire Brigade	(31 488)	(87 300)	55 812	-63.93%	Over budgeted
Health Services	(140 106)	(382 200)	242 094	-63.34%	Over budgeted
Library's	(747 893)	(784 650)	36 757	-4.68%	
Commonage	(236)	(58 000)	57 764	-99.59%	Over budgeted
Municipal Manager	(1 862 455)	(3 144 485)	1 282 030	-40.77%	Over budgeted
Parks & Recreation	(1 000 611)	(1 092 950)	92 339	-8.45%	Over budgeted
Properties	(193 591)	(501 340)	307 749	-61.39%	Over budgeted
Public Works: Roads	(3 512 325)	(4 443 800)	931 475	-20.96%	
Sanitation	(714 133)	(1 306 350)	592 217	-45.33%	Over budgeted
Sewerage & Sanitation	(2 419 333)	(2 934 300)	514 967	-17.55%	Over budgeted
Storm water Drainage	(160 013)	(190 340)	30 327	-15.93%	
Vehicle Licenses	(275 586)	(306 200)	30 614	-10.00%	
Water	(2 727 643)	(3 256 854)	529 211	-16.25%	Over budgeted
Less Inter-Departmental Charges	2 346 042	-	2 346 042	0.00%	
<b>Total Expenditure</b>	<b>(72 032 282)</b>	<b>(68 722 137)</b>	<b>(3 310 145)</b>	<b>10</b>	
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>	<b>11 244 540</b>	<b>(91 947 800)</b>	<b>103 192 340</b>	<b>8</b>	

**APPENDIX E(1) - Unaudited  
SIYANCUMA LOCAL MUNICIPALITY  
REVENUE AND EXPENDITURE  
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2011  
GENERAL FINANCE STATISTIC CLASSIFICATIONS**

	2011 Actual (R)	2011 Budget (R)	2011 Variance (R)	2011 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
<b>REVENUE</b>					
Property Rates	5 734 430	5 571 356	163 074	2.93%	
Government Grants and Subsidies	44 335 765	-25 818 000	70 153 765	-271.72%	Increase in spending
Fines	60 978	35 000	25 978	74.22%	Traffic fine increase from Provincial
Actuarial Gains	-2 377 213	-	-2 377 213	0.00%	
Service Charges	31 646 325	-4 723 471	36 369 796	-769.98%	
Rental of Facilities and Equipment	340 038	301 863	38 175	12.65%	
Interest Earned - External Investments	679 786	200 000	479 786	239.89%	
Interest Earned - Outstanding Debtors	389 874	261 600	128 274	49.03%	
Licences and Permits	4 771	4 800	-29	-0.60%	
Agency Services	616 236	610 000	6 236	1.02%	
Other Revenue	1 845 832	331 189	1 514 643	457.33%	Nashua took over office printers and finance lease
<b>Total Revenue</b>	<b>83 276 822</b>	<b>-23 225 663</b>	<b>106 502 485</b>	<b>(2)</b>	
<b>EXPENDITURE</b>					
Executive & Council	-20 801 204	-18 994 906	-1 806 298	9.51%	Over budgeted
Budget & Treasury	-8 055 779	-5 111 900	-2 943 879	57.59%	Previous year creditor Auditor general not provided
Corporate Services	-12 860 283	-4 355 775	-8 504 508	195.25%	Over budgeted
Health	-140 106	-382 200	242 094	-63.34%	Over budgeted
Community & Social Services	-876 875	-938 300	61 425	-6.55%	
Public Safety	-307 074	-393 500	86 426	-21.96%	Over budgeted
Sport & Recreation	-2 067 190	-2 735 950	668 760	-24.44%	Over budgeted
Waste Management	-3 903 520	-4 472 612	569 092	-12.72%	Over budgeted
Waste Water Management	-2 579 346	-3 124 640	545 294	-17.45%	Over budgeted
Road Transport	-3 512 325	-4 443 800	931 475	-20.96%	
Water	-2 727 647	-3 256 854	529 207	-16.25%	Over budgeted
Electricity	-16 546 979	-20 511 700	3 964 721	-19.33%	Over budgeted
Less: Interdepartmental Charges	2 346 042	-	2 346 042	0.00%	
<b>Total Expenditure</b>	<b>-72 032 286</b>	<b>-68 722 137</b>	<b>-3 310 149</b>	<b>1</b>	
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>	<b>11 244 536</b>	<b>-91 947 800</b>	<b>103 192 336</b>	<b>(1)</b>	

**APPENDIX E (2) - Unaudited**  
**SIYANCUMA LOCAL MUNICIPALITY**  
**ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2011**  
**ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS**  
**MUNICIPAL VOTES CLASSIFICATION**

	2011 Actual	2011 Under Construction	2011 Total Additions	2011 Budget	2011 Variance	2011 Variance	Explanation of Significant Variances greater than 5% versus Budget
	R	R	R	R	R	%	
Council general	2 776 456	-	2 776 456	-	2 776 456	0.00%	
Douglas holiday resort	7 018	-	7 018	-	7 018	0.00%	
Electricity	555 416	-	555 416	1 733 000	-1 177 584	-67.95%	Roll-overs not Budgeted for
Finance	162 784	-	162 784	-	162 784	0.00%	Roll-overs not Budgeted for
Library's	25 522	-	25 522	401 000	-375 478	-93.64%	Roll-overs not Budgeted for
Municipal manager	172 744	-	172 744	-	172 744	0.00%	
Public works: roads	5 356 468	-	5 356 468	-	5 356 468	0.00%	Roll-overs not Budgeted for
Sewerage and sanitation	1 519 596	-	1 519 596	750 000	769 596	102.61%	Roll-overs not Budgeted for
Vehicle licenses	482	-	482	-	482	0.00%	
Water	7 461 457	-	7 461 457	14 300 000	-6 838 543	-47.82%	Roll-overs not Budgeted for
<b>Total</b>	<b>18 037 943</b>	<b>-</b>	<b>18 037 943</b>	<b>17 184 000</b>	<b>853 943</b>	<b>4.97%</b>	

**APPENDIX E (2) - Unaudited**  
**SIYANCUMA LOCAL MUNICIPALITY**  
**ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2011**  
**ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

	2011 Actual	2011 Under Construction	2011 Total Additions	2011 Budget	2011 Variance	2011 Variance	Explanation of Significant Variances greater than 5% versus Budget
	R	R	R	R	R	%	
Budget & Treasury	162 784	-	162 784	-	162 784	0.00%	Roll-overs not Budgeted for
Corporate Services	172 744	-	172 744	-	172 744	0.00%	
Community & Social Services	25 522	-	25 522	401 000	-375 478	-93.64%	Roll-overs not Budgeted for
Public Safety	482	-	482	-	482	0.00%	
Sport & Recreation	7 018	-	7 018	-	7 018	0.00%	
Waste Management	-	-	-	750 000	-750 000	-100.00%	
Waste Water Management	1 519 596	-	1 519 596	-	1 519 596	0.00%	Roll-overs not Budgeted for
Road Transport	5 356 468	-	5 356 468	-	5 356 468	0.00%	Roll-overs not Budgeted for
Water	7 461 457	-	7 461 457	14 300 000	-6 838 543	-47.82%	Roll-overs not Budgeted for
Electricity	555 416	-	555 416	1 733 000	-1 177 584	-67.95%	Roll-overs not Budgeted for
<b>Total</b>	<b>18 037 943</b>	<b>-</b>	<b>18 037 943</b>	<b>17 184 000</b>	<b>853 943</b>	<b>4.97%</b>	

**APPENDIX F - Unaudited**  
**SIYANCUMA LOCAL MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 1 JULY 2010	Correction of error	Restated balance 1 JULY 2010	Contributions during the year	Transfer	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2011
<b>UNSPENT/UNPIAD CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>	<b>R</b>			<b>R</b>		<b>R</b>	<b>R</b>	<b>R</b>
Library Project	530 618	-	530 618	420 000		258 434	29 095	663 089
Brickmaking Project	2 717	-	2 717	-		-	-	2 717
Housing Schmidtsdrift	-1 525 950	-	-1 525 950	-		-	-	-1 525 950
Douglas/Bongani Parks	10 946	-	10 946	-		-	-	10 946
WSA Capacity Building Programme	-27	-	-27	-		-	-	-27
FMG	-291 902	-	-291 902	1 200 000	-	904 503	3 595	0
Drought Relief	951	-	951	-		-	-	951
MSIG	112 361	-	112 361	750 000		731 173	183 004	-51 816
MIG	5 995 223	-	5 995 223	12 567 000	-	-	10 129 821	8 432 402
Schmidtsdrift Electrification	-184 888	-	-184 888	543 000	-293 100	-	74 885	-9 873
Impumelelo Awards HIV/AIDS	21 092	-	21 092	-		-	-	21 092
Learnership De Aar	22 029	-	22 029	-		-	-	22 029
Siyancuma Town Planning	-1 096 971	-	-1 096 971	-		-	-	-1 096 971
LG Seta	168 006	-	168 006	3 148		119 457	-	51 697
Sports Development	12 079	-	12 079	-		-	-	12 079
Excess Road Mathlomola	-230 154	-	-230 154	-		-	-	-230 154
EPWP	-75 190	-	-75 190	5 391 041		12 833	6 105 643	-802 625
Royalties Mines (Streets)	3 850	-	3 850	41 937		-	-	45 787
Department of Minerals & Energy	-293 100	-	-293 100	1 190 000	293 100	-	502 869	687 131
<b>Total</b>	<b>3 181 690</b>	<b>-</b>	<b>3 181 690</b>	<b>22 106 126</b>		<b>2 026 399</b>	<b>17 028 911</b>	<b>6 232 505</b>